

NATION'S BUSINESS



DECEMBER • 1934

Shifting Plans of NRA

Blazing the Trail to
Labor Peace

Canada Tries Railroading

PUBLISHED BY THE CHAMBER OF COMMERCE
OF THE UNITED STATES • WASHINGTON



"95% OF OUR SELLING IS DONE BY TELEPHONE"



Middle Western company builds an annual sales volume of \$4,000,000 . . . another example of what Long Distance can accomplish

WITH 95% of all selling done by telephone, the Chicago office of the Altitude Petroleum Corporation increased its annual business from \$5000 to \$4,000,000 in ten years. Under its merchandising plan, the salesmen travel their territories to develop leads rather than make actual sales. The date the customer will be in need of supplies is reported to the home office. Then the telephone is used to close the order.

"Our customers like this method of contact," says the Sales Manager. "From the day we started we have steadily increased volume and profits. Every customer is called every three weeks or oftener, and the speedy service we give, because of our use of Long Distance, is a large factor in our success."

American business records include many stories of companies that have based substantial growth on their *every-day* use of Long Distance Telephone Service. Long Distance contributes to success because it saves time, gets things done, costs little. Companies of every size report that it brings results.

You will find that the *planned, systematic use* of Long Distance for every department of your business — purchasing, accounting, traffic, production, executive — is a means to increase profits . . . speed up service . . . lower operating costs. Telephone your local Bell Telephone office today. A representative will call to explain the various ways in which your concern can successfully use Long Distance.



TYPICAL STATION-TO-STATION RATES

FROM	TO	DAYTIME	7 P.M.	8:30 P.M.
Pittsburgh	Cleveland	\$.70	\$.60	\$.40
Minneapolis	Denver	2.75	2.25	1.50
Boston	Chicago	3.25	2.65	1.75
New York	Kansas City	4.00	3.25	2.25
New Orleans	San Francisco	7.00	5.50	4.00

NOW YOU CAN
Take your choice
BOTH ARE COMPTOMETERS

THE COMPTOMETER has long been recognized and accepted as a machine of distinctive quality—quality characterized by mechanical precision, substantial construction, satisfactory performance, and positive automatic safeguards against operating errors.

Bearing the same distinctive hall-mark of quality, the new Model K electric COMPTOMETER takes its place as a unit of equal merit in the COMPTOMETER line. In it are incorporated all the superior qualities and features that have made the trade-mark COMPTOMETER synonymous with excellence in accounting offices the world over.

Outstanding among its protective features is the Controlled-Key which functions to prevent errors from faulty key strokes—even in high-speed operation. *Without this control no machine of either the standard key driven or the electrically driven type is capable of maximum accuracy.*



THE NEW MODEL K ELECTRIC



THE STANDARD MODEL J

THAT the new Model K is abundantly qualified to uphold the COMPTOMETER record is indicated by its satisfactory performance in grueling tests on a wide variety of work.

Both machines—the familiar Model J and the new Model K—are the product of masterly skill acquired through many years of research and experience devoted exclusively to production of key-actuated, adding-calculating machines. Both are built to merit the wide recognition and approval that have placed COMPTOMETER high among the Who's Who of adding-calculating machines.

Both are good machines. Each is unsurpassed in its respective type. It's simply a matter of choice.

A COMPTOMETER representative will esteem it a privilege to demonstrate either one or both of these machines in your office. Telephone the local COMPTOMETER office, or write to us direct.

FELT & TARRANT MFG. CO., 1712 N. PAULINA ST., CHICAGO, ILL.

COMPTOMETER

TRADE-MARK

Nation's Business is published on the 30th of every month by the Chamber of Commerce of the United States. Publication Office, Washington, D. C. Editorial, Advertising and Circulation Offices, 1615 H Street, N. W. Washington, D. C. Subscription price \$3.00 one year; \$7.50 three years; 25 cents a copy. Entered as second-class matter March 20, 1920 at the Post Office at Washington, D. C., additional entry at Greenwich, Conn., under the Act of March 3, 1879.



PRECISION

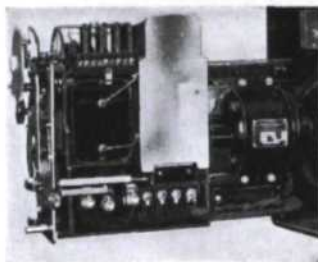
Precision, Exactness, Accuracy, even to one-quarter of one ten-thousandth of one inch! This is the unalterable standard responsible for the quiet, continuous, trouble-free operation of Emerson Motors.

Not *one* part is permitted to pass until skilled workers have gauged it true to the rigid requirements established by Emerson Engineers.

Not *one* Emerson Motor leaves for duty until it has been "on the testing line" long enough to prove its fitness.

Over forty years ago this policy of precision manufacturing was made "standard practice" in the Emerson factory. Adherence to this policy has definitely established Emerson as leaders in the fan and motor industry.

Emerson experience—modern, scientific laboratory equipment and individual engineering service will build for you *the* motor to meet your requirements. Write for booklet No. 1-N—"Tests—Hundreds of Tests." It tells the complete story of how Emerson Precision Motors are built.



POTENTIOMETER PYROMETERS

*Where Maximum Accuracy
is Required*

Precision instruments require precision built motors. And one of the outstanding manufacturers of such equipment has this to say about Emerson Motors:

"We have been using Emerson Motors in regular production some five years and their performance has been most satisfactory. Other important factors which have been very helpful in satisfactorily meeting our requirements are, the co-operation of the Emerson Engineering Division, adherence to delivery schedules and the general desire to work with us at all times."

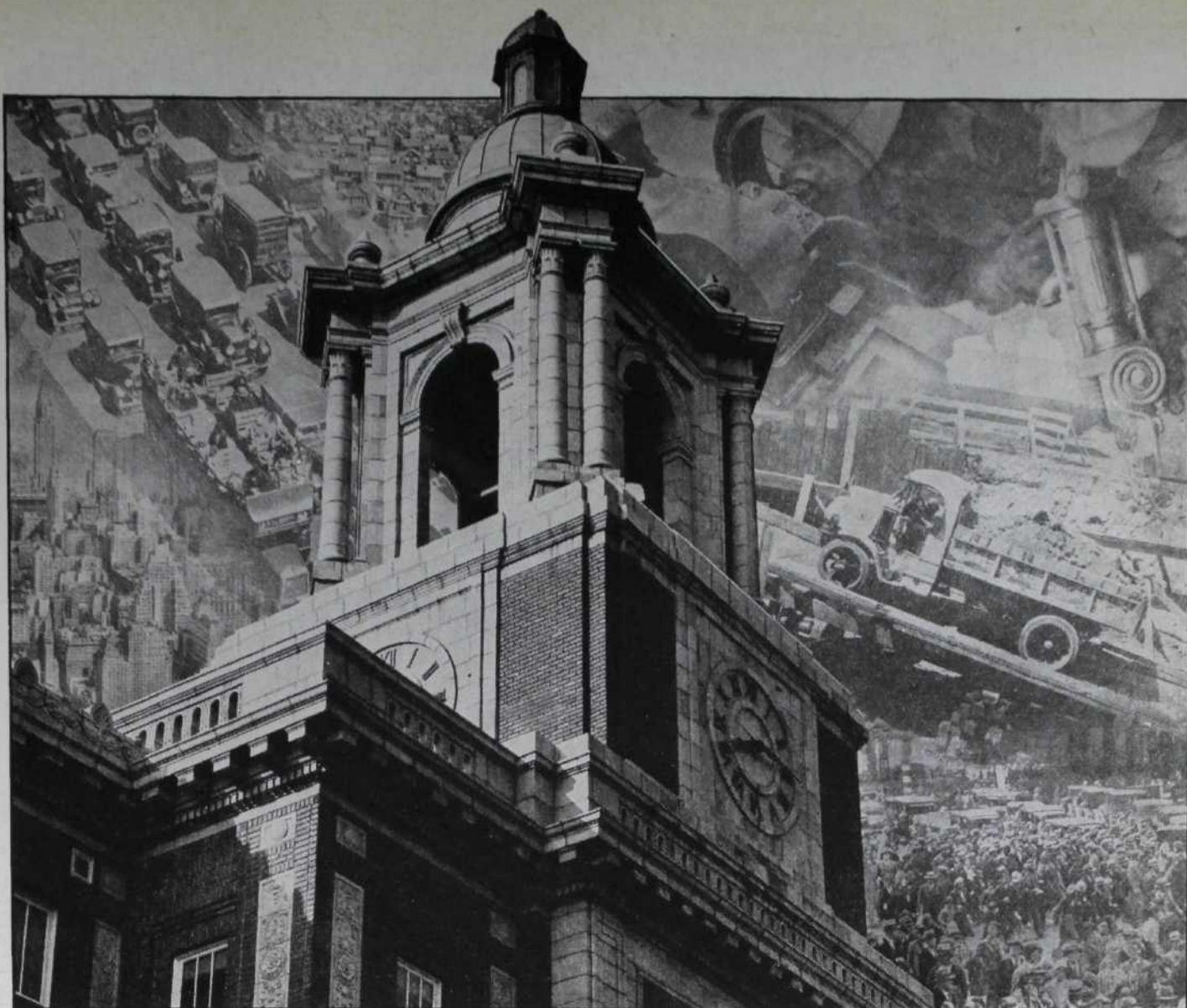
Hundreds of manufacturers rely on Emerson Motors for a variety of exacting requirements, yet Emerson Motors are competitively priced.

EMERSON MOTORS

3 HP and smaller—Single-phase—Polyphase—Direct Current

THE EMERSON ELECTRIC MFG. CO.
NEW YORK ST. LOUIS CHICAGO

LEADERS IN THE FAN AND MOTOR INDUSTRY SINCE 1890



Maryland Casualty Tower

CARRYING ON A GREAT TRADITION

No finer tribute can be paid to the soundness of America's basic institutions than the record of the insurance companies over the past five years. During these strenuous times, insurance has remained a safe protector against misfortune, defender against calamity, steadfast guardian of savings... a *tower of strength* to millions of individuals and countless businesses.

It is with a real sense of pride that the Maryland Casualty Company, on its thirty-sixth anniversary, takes stock of itself. Since its founding in 1898, it has been a leader in the development and writing of casualty insurance and surety bonds. It has paid to its policy-holders more than \$284,000,000 in claims.

Particularly during the last few trying years, the Maryland and other great casualty and surety companies have rendered invaluable service to industry. They have protected the worker and provided medical

aid when disaster struck. They have safeguarded the power plants of the manufacturer. They have bonded the trusted employe and have added to the security of financial institutions. Through construction bonds, they have made possible large projects, thus accelerating the employment of labor. They have protected business both big and small against the many hazards of daily operation.

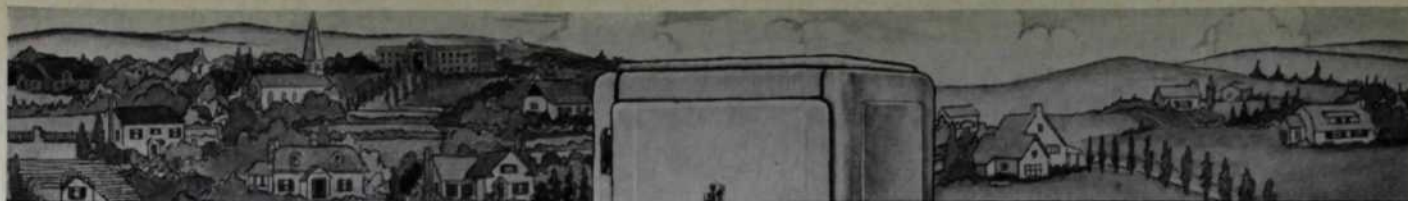
The Maryland Casualty Company, with its 10,000 agents and 300 general agents in every state of the Union, in Alaska, Hawaii and Porto Rico, in Canada, Cuba and Mexico, looks forward to still greater progress and broader opportunities for service.

MARYLAND CASUALTY COMPANY
BALTIMORE

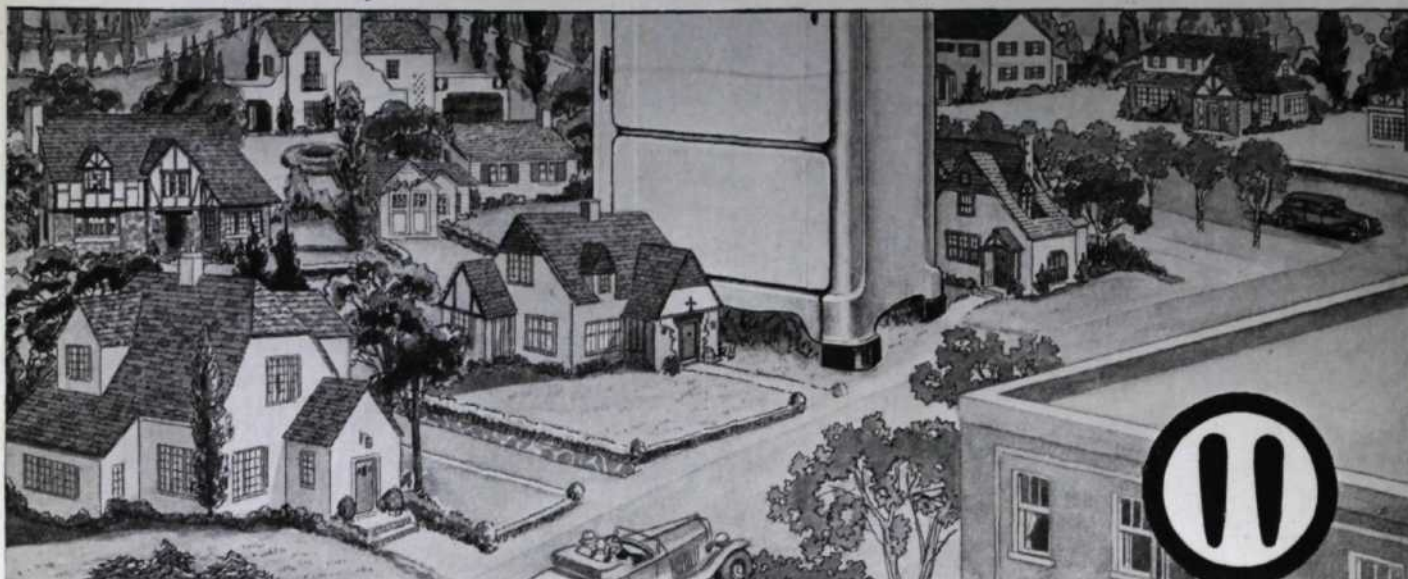
SILLIMAN EVANS
President

F. HIGHLANDS BURNS
Chairman of the Board

*Accident and Health Policies . . . Aircraft . . . Workmen's Compensation . . . Liability . . . Automobile . . . Elevator . . . Plate Glass . . . Boiler . . . Engine . . . Electrical Machinery
Fly-Wheel . . . Sprinkler Leakage . . . Water Damage . . . Burglary . . . Check Alteration and Forgery . . . Fidelity Bonds . . . Surety Bonds*



Ditto Speeds Order Handling for Kelvinator



Saves 59 Per Cent Over Carbon Manifolding

H. G. Moss, Office Manager of the Kelvinator Company, Detroit, reports—

"WHEN the Ditto method replaced the carbon manifolding method in our order department two years ago, it not only speeded up handling of orders but it also reduced our labor and stationery cost 59 per cent over our former method. With the Ditto method we pride ourselves on mailing all invoices 24 hours after the order is completed.

"The greater flexibility of Ditto over carbon manifolding is a distinct advantage because many of our customers want 4 copies of certain forms while others want only 1 or 2. Ditto enables us to keep all customers satisfied. By using a 'block out' it is also easy to eliminate any information we prefer not to show on certain copies.

"Five other Ditto machines are used in various departments throughout the factory, contributing materially to economy, speed and efficiency. The accounting, manufacturing, sales and planning

departments each keeps a Ditto busy getting out necessary copies of reports, schedules, bulletins, drawings and so on. While our Ditto machines have effected a substantial direct cash saving in labor and stationery, Ditto's greatest value to us is not this cash saving but rather its ability to speed up our production and distribution and to eliminate costly errors."

* * *

Every modern office needs Ditto's money-saving service. Ditto makes exact duplicates of anything typed, printed, written or drawn direct from your first writing; quick, easy, error-proof. No type to set, no stencils, no carbon.

Every wide-awake business man ought to know how Ditto can fit into his business. The facts are easy to get. Just pin the coupon below to your letter-head and send it in. No obligation, of course.

DITTO INCORPORATED, NB12-34
Chicago, Ill.

Gentlemen: Please give me full facts about Ditto ... How it cuts costs in Billing and Shipping ... also its many other uses. No obligation, of course.

Name..... Title.....

Concern.....

Address.....

City..... State.....



Ditto

INCORPORATED

2243 WEST HARRISON STREET
CHICAGO, ILLINOIS

Contents for December . . .

The Man in the Street is the only one who can make factories produce more goods. He is bewildered and perplexed. He needs reassurance.

.....p. 7

A Buyers' Strike, alarmists cry out, is the ultimate in economic calamity. But in comparison the blood runs cold at the thought of a sellers' strike. There you would have confusion confounded.

Merle Thorpe..... p. 13

The New National Industrial Recovery Board means no revolutionary changes, no tearing up of codes, no sweeping fiat. *Louis Stark*.....p. 15

Congress probably will go beyond the Administration's recommendations on spending, on relief, on public works, and the veterans' bonus.

Frederick Shelton.....p. 17

Modern Business Men, required to deal with important questions of social and political statesmanship, are as helpless as a piano tuner called in to take out an appendix.

Professor Philip Cabot p. 20

TVA, according to many citizens, is using millions of tax money to destroy the taxpayers who contribute them.

Paul H. Hayward.....p. 23

Wage Earners in one of the greatest corporations have been given a voice on conditions they encounter in their daily work, and that voice is being heard.

Herbert Corey.....p. 27

The Cost of Relief would take a big drop if cities and counties had to contribute directly and the taxpayer made to realize that the money was coming out of his pocket.

Garland R. Farmer.....p. 30

Government Owned Railroads in Canada lost \$456,345,456 in eight years. Operating under identical conditions, a privately owned road earned its fixed charges and \$312,879,978 for dividends.

J. Lambert Payne.....p. 37

For Anglers: A new "form-fit" creel with concave back which snuggles to side and hip; a new hone of special shape and size for sharpening fish hooks.

Paul Hayward.....p. 42

Improvement in labor matters and cooler weather helped business in October and offset lower prices of most farm products.

Frank Greene.....p. 52

A Bitter Battle in the distribution field revolves around the "quart of oil" we call for at the filling station.

Paul H. Hayward.....p. 55

Capital is always ready to work for low wages but imagine how a dollar must feel that once got six cents a year and now gets one or even one-half.

.....p. 65

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OLD SCHENLEY RYE

BOTTLED IN BOND

More than four years ago, under United States Government supervision, Schenley planned to make, without regard to expense, trouble or time, a quality whiskey so superb that it would stand without a rival.

More than four years ago this distinguished product was distilled and stored away in government-supervised warehouses to be aged by the gentle hand of time. Only Wisconsin and Michigan Rosen Rye—the most compact and flavorful rye kernels that Mother Earth produces—were used for this luxurious brand.

Old Schenley Pure Rye was distilled by distillers with 30 years of pre-Prohibition experience.

Every drop was left in charred oak barrels for more than four years before a single barrel was bottled. Buy it as a de luxe whiskey for all occasions . . . or to make any occasion a special occasion!

Made by the distillers of Golden Wedding, Mayflower, Cream of Kentucky.

Schenley PRODUCTS CO., INC., 20 W. 40th ST., N. Y.

FULFILLS ALL REQUIREMENTS of the U. S. PHARMACOPOEIA (U. S. P.)—U. S. DISPENSATORY—PHARMACO-THERAPEUTICS

This advertisement is not intended to offer this product for sale or delivery in any state or community wherein the advertising, sale or use thereof is unlawful.

The Busy Man Looks at Steel

Ability to "take it"

YOU'VE READ of the "Zephyr", the C. B. & Q.'s crack all-stainless steel articulated train, lately rechristened the "Silver Streak" to assume a leading role in a movie of the same name. It may have gone Hollywood, but it didn't go soft.

Two mishaps tried its metal, and proved the merit of Edward G. Budd Manufacturing Company's "shot-weld" fabrication process. Coasting around a curve at 45 m.p.h., it collided head-on with a stalled motor truck loaded with steel scrap. The forward end of the "Streak" was bent and twisted, but not a weld failed. On another occasion, a moron dropped a 25-pound rock from a viaduct above the train. It struck directly in front of the driver's window with terrific impact, and again not a weld failed.

Incidentally, the C. B. & Q. has two more "Streaks" abuilding at Budd's yards in Philadelphia, both of which will emulate the first speedster in largely relying on the clean strength, weather-resistance and easy-working qualities of ALLEGHENY METAL—the time-tested stainless steel.

Another "first"

IN BREWERY CIRCLES, national attention has focussed on the Weber-Waukesha Brewing Company, Waukesha, Wis., where America's first stainless steel brew-kettle will soon round out its first year of service. The kettle is 100% welded and highly polished inside and out, with NO interior coating. The heating element is a three-ring stainless coil; the kettle has a stainless steel hop strainer and is connected to the mash tub by stainless pfaaf and grant. In case any of these terms are technical and meaningless, we can simplify them—the whole darn shooting-match is made of ALLEGHENY METAL, fabricated by the Cream City Boiler Company, Milwaukee, Wis.

Many benefits have been observed. The kettle cleans more easily and quickly than with other metals, therefore better and at less cost. Only 1½ to 2 hours are needed to complete brewing, effecting considerable saving in fuel. The unit is lighter, yet stronger and more durable. Best of all—the clarity, purity and natural flavor of the brew are held inviolate. First in so many stainless applications, ALLEGHENY METAL again precedes!

.....

ALLEGHENY METAL—the time-tested stainless steel of universal application—is manufactured by the ALLEGHENY STEEL Company, Brackenridge, Pa.; who also manufacture electrical sheets, auto body sheets, metal furniture sheets, black sheets, castings, pipe, and boiler tubes; whose products are carried in stock by all Jos. T. Ryerson and Sons, Inc. Warehouses, by Dunham, Carrigan and Hayden Co., San Francisco, and by Union Hardware and Metal Co., Los Angeles. ALLEGHENY METAL is manufactured pursuant to license from the Chemical Foundation, Inc., under basic patents No. 1,316,817 and 1,339,378.

ADVERTISEMENT

Through the Editor's Specs

Carthago delenda est

IF private initiative is so weak, if private capital is so timid, if management and labor are so lacking in vision that private enterprise will not march ahead to solve its own problems, then let no one criticize, but let everyone applaud, a government that has the courage and strength and vision to undertake the task.—From speech of Donald R. Richberg, before the Bond Club of New York.

IT WAS freely predicted months ago that if the promise of recovery was not fulfilled, business would be blamed, "business did not cooperate, business was stubborn and selfish and stupid." That is one prediction which has come to pass on scheduled time—business is getting the blame. And if the assertion is made often enough to get at the ear and the eye of the American people, they will come to believe it. Cato saw that. And Carthage was destroyed.

Therefore, to keep the record straight, we must say again that no one is more eager and, indeed, anxious for recovery than the owner, manager, employer, chief clerk and office boy, in order that more goods may be produced and sold and more men be employed.

It does no good to rawhide business and tell it to get active, and threaten dire consequences. Our consideration must be turned to the consumer, the man in the street, who is the only one who can make shoe factories turn out more shoes and employ more men. He needs reassurance. He needs confidence in his future and the country's future. He is bewildered and perplexed.

As one example of hundreds: What is the state of mind of the individual who is about to build a house when he sees a picture of a beautiful bungalow in the rotogravure section of our daily papers, with the statement that the Government is able to build this house at a cost of \$1,650?

Business is not self-generating. It is a mechanism set up at the behest of society to provide the rest of us with shoes, foodstuffs and shelter. The wheels of the mechanism revolve

only when called upon. Banks cannot lend unless someone wants to borrow. A manufacturer does not want to borrow unless someone demands his product.

Any plan for the revival of trade will fail unless it takes into account the restoration of the confidence of the consumer.

A precedent for self-help

WE loudly complain of our present hard times and call upon whatever gods there be to witness that never before have the people suffered such distress and misery. But we fail to recall that the birth of this nation was not one of twilight sleep. And, as it is the fashion nowadays to quote Chief Justice John Marshall, we quote him on this point:

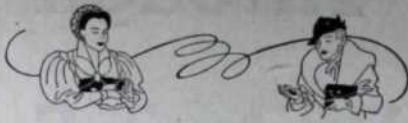
About this time (1790) there was a great and visible improvement in the circumstances of the people. . . . It cannot be justly ascribed to any single cause. . . . In depriving the States of the power to impair the obligation of contracts, or to make anything but gold and silver a tender in payments of debts, the conviction was impressed on that portion of society which had looked to the Government for relief from embarrassment that personal exertions alone could free them from difficulties, and an increased degree of industry and economy was the natural consequence of this opinion.

By-products of progress

TRANSPORTATION has provided something of a public field day with the Burlington's "Zephyr" streaking from Denver to Chicago in 13 hours, and the Union Pacific's "M-10001" sprinting from Los Angeles to New York in 57 hours. What these performances meant in accelerating the vogue of streamlined designs is suggested in the announcement that seven new trains will be built through PWA cooperation.

Loans aggregating \$2,270,000 have been made to five roads as part of the \$200,000,000 public works program for improved rail equipment and construction. The roads, with the amounts of their grants, are: Baltimore & Ohio, \$900,000; Gulf, Mobile

For a Queen's Purse only, in 1560



FOR EVERYWOMAN'S HANDBAG, IN 1934



COSTLY WATCHES of richly chased gold and cut crystal may have pleased the fancy of royalty a few centuries ago, but they would not meet the exacting requirements of this more practical day and age. Today, watch movements like that on the right, are made for the millions with far greater accuracy, and then are mounted in durable, wear resisting cases of lustrous black Bakelite Molded.

What is true of watches is also true of numberless other products. Designs and materials that were satisfactory even a very few years ago are obsolete today. Redesign for greater utility and finer appearance has become essential in maintaining sales volume. This redesign movement has spread to all classes of products—from watches to washing machines; from ranges to railway cars; from saucepans to steam-

ships. In all of this program of modernizing, new materials are being used, and this usually includes one or another of the many Bakelite Materials which are available.

When undertaking any problem of old product modernization or the development of new products, we invite you to consider the advantages and economies of Bakelite Materials—Molded, Laminated, and Varnish—and will gladly cooperate with you in adapting them to your needs. We believe you would be interested in booklets 1M, "Bakelite Molded" and 1L, "Bakelite Laminated." Copies sent upon receipt of your request.

Illustration shows 16th Century French Watch, of gold and rock crystal, by Bernard Nicolas; and Westclox Handbag Watch, with Bakelite Molded case, designed by De Vaulchier & Blow, Inc., New York (Formerly Industrial Design, Inc.)

BAKELITE CORPORATION, 247 Park Ave., New York . . . 43 East Ohio St., Chicago
BAKELITE CORPORATION OF CANADA, LTD., 163 Dufferin Street, Toronto

BAKELITE

"The registered trade marks shown above distinguish materials manufactured by Bakelite Corporation. Under the name 'B' is the



symbolized sign for identity, or unaltered quantity. It symbolizes the infinite number of present and future uses of Bakelite Corporation's products."

THE MATERIAL OF A THOUSAND USES

& Northern, \$350,000; New Haven, \$300,000; Boston & Maine, \$220,000; and the Illinois Central, \$500,000.

As the speeds of trains are raised by better designing and improved motive power, the problem of deceleration becomes increasingly important. The brake makers must not only keep pace with the speed merchants; they must reduce momentum to zero on occasion.

The size of one market is indicated by the number of freight cars now in service. When the railroads voted to equip 2,000,000 units with a new type of brake developed by the Westinghouse Air Brake Company, the decision signified a ten-year job with the cost running about \$29,000,000 a year.

"Steady employment for years," says a dispatch reporting the duration and dimension of the project. Apart from its hearty fillip to the pace of industry, the expenditure of \$290,000,000 in a decade may invite the thought that the fertilization of "social values" is not wholly foreign to the objectives of corporate organization.

Politics, personalities, and plums

STRUCTURAL changes in what Mr. Ford so tersely defines as the "alphabets" are so commonplace that only the symbolism withstands alteration. As every business pilgrim soon discovers, policies and personalities are easily lost to view in the continual shuffling of the boards in Washington's ponderous lumber pile. The lush and weedy growth of recovery agencies has made it plain enough that the Administration has been plagued with coordinating trouble. It has coordinated up and coordinated down, tried to unscramble addled omelettes and to weave a carryall basket.

In the recent regrouping it is possible to discover a trend toward super-exclusiveness. The original Executive Council, a sort of nerve center for the New Deal, was succeeded by the National Emergency Council, which in turn yielded prestige to the Industrial Emergency Committee, a coordinating force which succeeded in coordinating General Johnson clear off the reservation, Donald Richberg emerging as No. 1 man.

As a bit of political legerdemain, the spectacle of shifting status and duties is completely fascinating. What it all means in terms of effective public service is still obscure. It takes no partisan viewing with alarm to read a disturbing significance into the executive order relating to Mr. Richberg's new elevation, especially in the sentence authorizing him to

hire officials and employees "without regard to the civil service laws or the Classification Act of 1923, as amended."

When it is understood that virtually every agency established by New Deal authority is operating under specific exemption from these laws, with 88,000 strictly political appointees added to the public pay rolls as a direct consequence, the danger of giving enduring endorsement to the spoils system is no less real than apparent. To say that the opportunity opened by the order will not be used at the top argues a trust which can by no lesson of political experience be extended to the workers in the fields. To them the plum is the emblem of the promised land, not the forbidden fruit the purists would like it to be.

Campaigning à la R. F. D.

HERR Hitler's flair for publicizing his personality has revealed a political showmanship in the best loud-speaker tradition. That it is visual as well as vocal is indicated by the photographs accompanying the article "Canada Tries Railroad," by J. Lambert Payne, in this issue of NATION'S BUSINESS. Possibly the edge of surprise is dulled with the realization that our own public service is not immune to exploitation by political opportunists. A letter from Arthur D. Gresham, a citizen of Indianapolis, to the editor of the Indianapolis *Star*, invites attention to a current style in rural campaigning. Said Mr. Gresham:

I know that the rural postal carriers own their own automobiles. Possibly it is their privilege to plaster the windows of their cars with candidates' pictures, yet I also know that these men are supposed to be working under civil service. "Civil Service," however, does not mean very much under the present democratic rule—so I wonder who gave out the order for special delivery and rural carriers to place in the window of their cars the picture of Sherman Minton. Government is sinking when the civil service drops to this level. Republican or Democrat, a mail carrier's car is no place for political candidates' pictures.

Romance in jeopardy

ALONG with the depression's blighting touch on grubbier occupations it turns out that the soldier of fortune business is in something of an eclipse. Take it from Major Gaston de Prida, a practitioner in the best Richard Harding Davis tradition, things are not what they used to be in his trade.

"There may be a place for the soldier, but there's no fortune," says the major. More than once he has been "temporarily embarrassed" by having to buy his release from firing

IT HAPPENS IN THE BEST REGULATED PLANTS



"NEVER send a boy to do a man's job!" Undersized, single-fold towels just aren't built to stand the gaff of whistle time service in modern plants. It takes improved A. P. W. Onliwon Towels to give the boys what they want—a quick, thorough dry.

They're double-folded, thereby doubly absorbent and doubly hard to puncture with wet hands. One Onliwon Towel really does the work of several ordinary towels... and that's economy. With strong-textured Onliwon Towels there is

never an unsightly litter of torn paper to mar the appearance of your washrooms.

Each towel is served fresh from hygienic cabinets... protected from dirt and even germs which often result from casual handling. Onliwon Towels are absolutely safe and sanitary.

Equip your washrooms with A. P. W. Onliwon Towels and its companion service A. P. W. Onliwon Tissues. Washroom morale will be higher and towel costs lower.

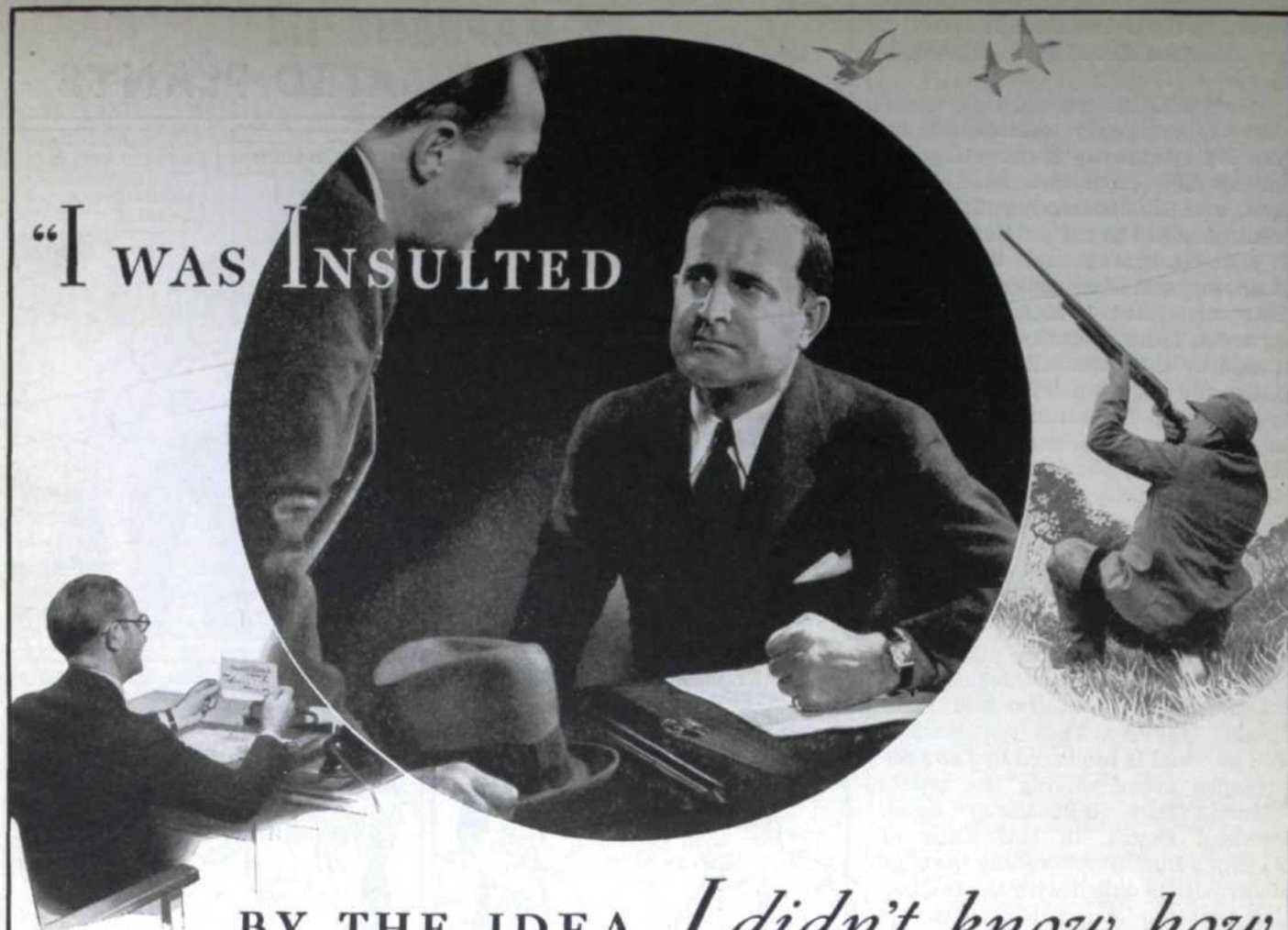


ONLIWON SANITARY WASHROOM SERVICE

A. P. W. Paper Co., Albany, N. Y.

Representatives in leading cities





"I WAS INSULTED

BY THE IDEA *I didn't know how*
to invest MY MONEY"

● That's what one man said when retirement insurance was first suggested to him. But here's what he thinks *now*. Acknowledging one of the monthly checks, which he is receiving regularly from the Northwestern Mutual, he writes:

"When the matter (Retirement Insurance) was proposed to me, a number of years ago, by one of your agents who had a view into the trend of life insurance a little in advance of the rest of us, I was inclined to be somewhat insulted at the suggestion that I might not be able to invest my own earnings to better advantage than the Northwestern Mutual.

"As I have grown older, and have watched the investments of my professional associates, I am simply enthusiastic over this plan of self-protection. The assurance of a reserve credit always available—and the satisfaction of a regular fixed income—certainly assures one of real financial contentment."

In your own case—have you given the question of retirement insurance the serious consideration it deserves? Owning *Northwestern Mutual* retirement insurance, you would find a new freedom from fear and worry. You would be able to devote your entire time and talents to your own particular business.

It will pay you to investigate the many advantages of *Northwestern Mutual* retirement insurance.

Amid all of life's many uncertainties—and through three-quarters of a century—the futures and fortunes entrusted to the *Northwestern Mutual* have been secure.

Insure yourself a worry-proof income for your later years. Mail us the coupon below for the booklet—"EARNED LEISURE." It will take but a minute and may prove one of the most profitable actions of your life.

The
**Northwestern
Mutual**
LIFE INSURANCE COMPANY

A Billion Dollar Estate

MILWAUKEE-WIS.

THE NORTHWESTERN MUTUAL
LIFE INSURANCE COMPANY
Milwaukee, Wisconsin

Without obligation, please
send me your booklet "EARNED
LEISURE."

Name.....

Address.....

City..... Age.....

N. B. 12-34

squads. In the good old days the prisoner struck an attitude and brushed aside the handkerchief mercifully proffered for his eyes. And as often as not, Fate clattered into the grim spectacle and reprieved the victim as he looked defiantly into the very jaws of death. Even a cataclysm of nature could not daunt O. Henry's filibustering heroes.

It may be logical for a depression to knock over established beliefs in the durability of workaday concepts of life, but tampering with romantic illusions is a trespass not to be tolerated. A fair-weather soldier of fortune has no validity in a profession which makes chance its first and last credo.

Keeping books by ear?

AS every utility company knows, the Federal Power Commission is looking into rates and consumer requirements. What the Commission learns about rates will be put before the next Congress. Ready cooperation has been the rule. But "curiously enough," says a press association comment, the Commission has found its major difficulty in getting information from municipal plants.

In such cases, commission experts explained, the municipal plants were small, usually operated by the chief of police or some other city official, whose principal bookkeeping was in the form of hastily jotted notes on the back of an envelope.

Taking the experts at their word, the problem of applying a public yardstick to local situations is likely to get down to the variables of operating personalities rather than the variations of operating practice. Once the human equation gets into the measurements, precision will go by the board—or, in this case, commission.

No errors against non-players

WHY American banking has had to bear the brunt of depression grouches, American bankers would give a lot to know. When the hard words are run to earth it turns out as often as not that the odium has been delivered to the wrong address.

Canadian practice seems to amount to perfection in the eyes of domestic critics. Dominion bankers, say our public scolds, were smart enough to avoid frozen real estate loans and thus kept their institutions usefully liquid. American bankers are made to look like rather doltish fellows—solid, maybe, but dumb.

"The facts are," according to W. R. Morehouse, vice president of the Security-First National Bank of Los

Angeles, "that Canadian bankers made no real estate loans because Canadian banks are prohibited by law from lending on real estate. I assume that, due to oversight, the press neglected to tell the American public why Canadian bankers had no frozen real estate loans."

With no intent to point a moral it might be said that the fellow who is not a player in the game will never be charged with an error.

Words with the bark on

CANDOR, said a cynic, is the rarest of all political virtues. Whatever its proportion in the speeches of candidates; it was well served by Robert Moses, aspirant to the governorship of New York, when defining his position on the state's development of electric power. Said Mr. Moses:

I believe that the state should control power at the source and that it should issue bonds for its development now secured by the public credit. These bonds should be issued on the basis of contracts which will guarantee fair rates to the ultimate consumer entirely independent of rates fixed by regulation. I do not believe in fooling the people of the Adirondacks or of any other section by promising them things which can't and won't happen. I do not believe in telling them that they can sell bonds through banking interests by threatening to parallel transmission lines and put the state into a billion-dollar public utility business. I believe in telling the public that it would take three years to amend the Constitution to permit us to lend the state's credit for such a program; that no such constitutional amendment has been advocated by any Governor for 15 years and that I do not favor such an amendment.

Why not "Luck, Inc."

DIETING, it seems, is on the way out. Perhaps the wish of the meat men is father to the exit march. On the word of Stephen A. Douglas of the Kroger Grocery and Baking Company, people are eating more meat. Sales of canned meat are increasing. The dressed rabbit industry is in a way of expansion.

"One of these days," says Mr. Douglas, "some one with a little financial backing and merchandising skill will establish a foothold in the rabbit industry. We are taking the entire output of some midwestern sources of supply, and so far we have been unable to obtain enough of the grade of rabbits that we need."

Possibly the deficiency is traceable to the lively demand for political stage properties used with trick hats. As for the commercial consumption, the conversion of a rabbit into an industry is an enterprise already touched with its own talisman of fortune. "Dated Rabbit's Foot, packed in Cellophane" might have its sales' appeal.



BAROMETER OF INTERNATIONAL TRADE

THE last two semi-annual Leipzig Trade Fairs have clearly indicated a turn in the tide of foreign trade. The Fall Fair of this year showed an increase of 11% in attendance over the previous Fall Fair, and the 1934 Spring Fair showed a 38% gain over the 1933 Spring Fair.

For more than 700 years, these Trade Fairs have been held without interruption in Leipzig. Here today, the world's leading buyers in all lines—some 150,000 of them, from 72 nations—compare and inspect the exhibits of 7,000 firms, representing 22 countries. Here they first see many of the new lines that later become the season's outstanding successes.

Whatever your line of business—the Leipzig Trade Fairs simplify your buying problems, save you time and money. The exhibits are all conveniently grouped to make comparisons easy.

The 1935 Spring Trade Fairs will be held March 3rd to 10th. In the *General Merchandise Fair*, you will find every possible item for the department store and the specialized store. In the *Great Engineering and Building Fair*, there are some 2,000 practical exhibits of machinery, building equipment, tools and manufacturing processes.

We urge you to plan to attend the coming Spring Trade Fair. Get in touch with our New York office and let us tell you more about the Fairs . . . and about the important travel discounts and courtesies available to Leipzig Fair visitors. Or write for Booklet No. 12—it tells the story of the Fairs in greater detail. Leipzig Trade Fair, Inc., 10 East 40th Street, New York City. *This office will also gladly give information on where to find German merchandise here or abroad.*

LEIPZIG TRADE FAIRS



Stand up and Dare!

IF you trace back the record of America's truly great businesses, you will be impressed by a significant fact:

A vast majority of them had their beginning — resolutely laid the foundations of their success — in times of depression as disheartening to the timorous as the years through which we have recently passed.

And so today, or tomorrow, the true state of business must be measured by the courage of its leadership, its determination to go ahead.

Goodyear has expressed its faith in the soundness of this principle by the breadth and sweep of its activities throughout the past five years.

Against the first tightening of sales, we loosed the greatest program of development and

improvement that the largest rubber company in the world has ever undertaken.

From this activity a swelling volume of new products and services has come to the public, with results which have written their most brilliant record in the present year.

OUR CREED

"We are going to keep right on making the best tire on the market, we are going to keep right on making our franchise the most desirable any tire dealer can obtain, we are going to keep right on paying the highest wages in the industry, we are going to keep right on with our policy of fair and honest dealings with the public. This policy brought us leadership in the industry and this policy will keep us in that position no matter how hard blows the storm."

For example, matching the conspicuous success of the "G-3" All-Weather has been that of its running mate, the Airwheel*, of which Goodyear is manufacturing five times as many as are all other makers of super-soft tires combined!

F. M. Hitchfield
PRESIDENT,

THE GOODYEAR TIRE & RUBBER COMPANY, INC.

*AIRWHEEL is Goodyear's trade-mark, registered in the U. S. A. and throughout the world, and is used to denote that Goodyear is the exclusive maker of AIRWHEEL Tires

THE GREATEST NAME  IN RUBBER
GOODYEAR

MRA
CODE

NATION'S BUSINESS

★
A MAGAZINE
FOR
BUSINESS MEN
★

It Is the Spirit that Quickeneth

IS NOT our real danger that of destroying the spirit of business enterprise? Spirit is an intangible force, yet it is the most powerful factor in an undertaking involving the exchange of commodities, labor and services. It is a vital essence, as apart from material substance. The spirit is the soul, from which spring animation, eagerness, zeal. The lack of spirit we recognize readily in languor, lifelessness, dejection, hopelessness.

The spirit drives the physical in man, causing him to endure long hours and hardships, to ignore ease; it commands a patience in presenting plans to associates and in persuading and convincing them, and, in turn, arousing their spirit in great cooperative effort.

Many of our mentors today start from the false premise that business is cut-and-dried routine, that it is self-sufficient and self-perpetuating. They fail to sense the deadening effect upon the spirit of men through the endless harassments; the increasing political toll through taxation; the competition from one's own government in a hundred fields; the restrictions, regulations, investigations, supervision, often administered by those who know little of the material factors involved, and nothing of the spiritual.

Business is not self-starting. It does not keep going without devoted and sacrificial attention. We hear of the 55,000,000 horse power on call in our manufacturing plants. Statisticians classify it as "prime movers," tremendous energy at the turn of a switch or the pull of a throttle.

But men, *human beings*, with spirits subject to dejection or courage, are the real "prime movers"; only men of spirit sustain the pressure of progress.

Consider distribution, for example. Alarmists cry out at the thought of a buyers' strike and call it the ultimate in economic calamity. But in comparison the blood runs cold at the thought of a sellers' strike. There you would have confusion confounded.

Suppose every salesman were to throw down his sample case, and every sales manager give up his command, and every advertising and promotion executive lose his faith. Suppose those dogged pluggers for insurance decided not "to come in again." Suppose all the brisk evangelists of all the good things of life called it a day and quit the country cold. The detonation of deflation would be deafening. The famed American standard of living would collapse like the purely artificial thing it is. That hoary old fraud "demand" would fade out with all the celerity and completeness of a "movie" eclipse of the sun. How to convince the thoughtless and skeptical that \$26,000,000,000 worth of goods were not sold at retail last year by mere order-taking!

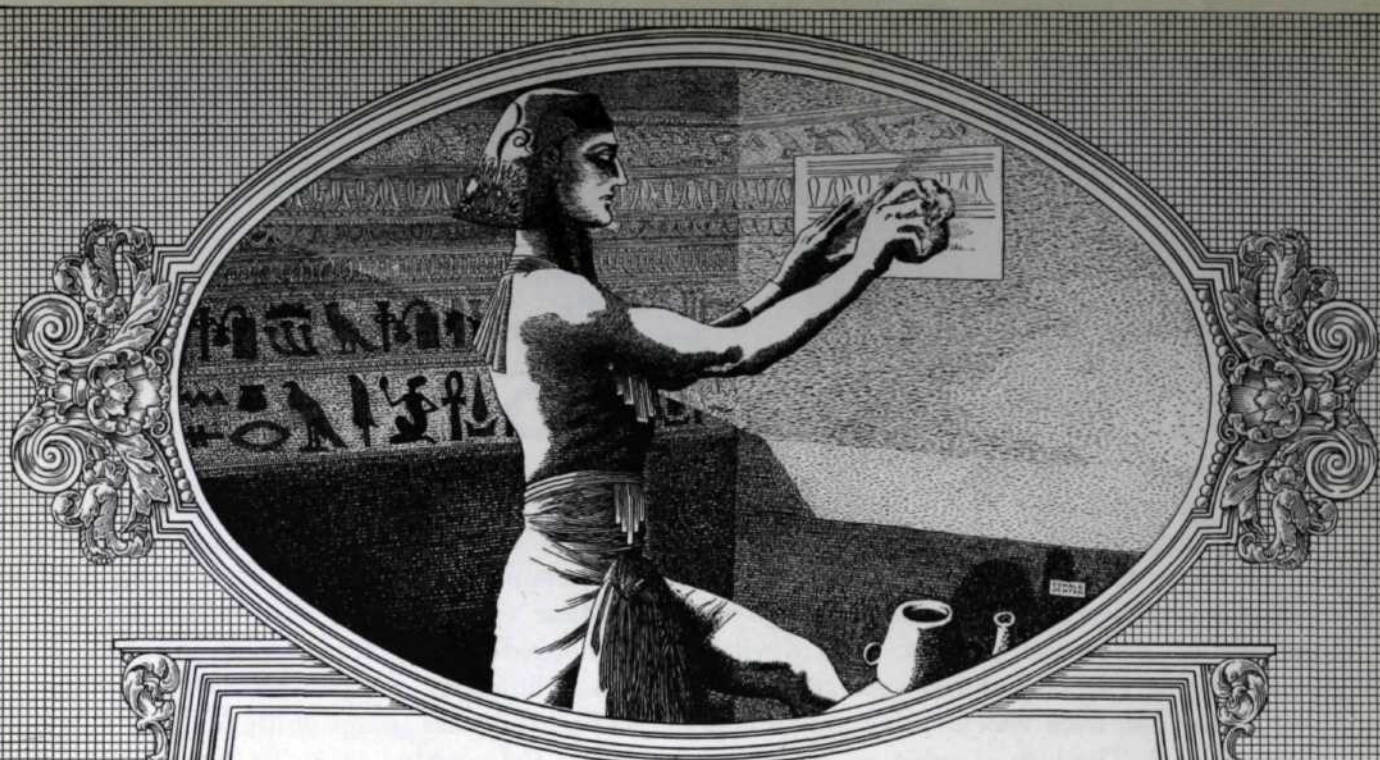
The plain and simple fact is that the United States of America is kept a going concern through the indestructible spirit of its sales ambassadors of the more abundant life. They speed obsolescence. They abhor stagnation. They accelerate turnover. They create and conserve employment. They are the preventives of "frozen assets." They are the walking delegates of pay rolls, profits and dividends. They are the dependable gyroscopes of economic equilibrium.

How severely we have tested their spirit in five years of hard times, they alone know. Political admonitions and actions have added "Beware!" to their sales resistance. On every front the enthusiasm of American business men has had to contend with fear and abuse and intimidation.

Is there nothing of national virtue in the preservation of an undertaking, in the preservation of a great industry? Is patriotism only present in time of war?

We understand what morale means to an army on the eve of a great battle; it is high time that we recognize the value of morale in the army engaged in business recovery.

Mere Thorne



WHERE STENCILS WERE BORN

Even before old Egypt was young, men had learned how to use stencils for duplicating designs and patterns. But the Mimeograph was first to use stencils in the fine art of printing, was first to give the stencil great speed. And thereby the world has been saved a great deal of trouble and expense. Stencil printing! A. B. Dick Company invented it. And it has made every successful development in that process. Also it maintains a nation-wide service, that the process may deliver *always* a fine product efficiently. For the speedy and exact duplication of all kinds of letters, forms, bulletins, graphs, etc., the Mimeograph has no rival. It is one of the world's great money and time savers. Private printing—at small cost. See some of its newest work. For latest particulars address A. B. Dick Company, Chicago, or see your classified telephone directory for local address.

M I M E O G R A P H



December • 1934



Shifting Plans of the NRA

By LOUIS STARK

Of the Washington Staff, New York "Times"



FOR N. B. BY UNDERWOOD & UNDERWOOD

W. S. Shipley, of the York Ice Machinery Co., speaks vigorously against the production limitation clause in the ice code. NRA officials who heard his argument included (left to right) Robert Martino; McKenzie Shannon, legal adviser; A. W. Riley, division administrator; R. K. Straus, deputy administrator; H. J. Daly, assistant deputy administrator, and C. D. Bohannon

HERE is the answer to the question, "What can we expect from NRA in its new form?" Written by a man who has been close to the Recovery Administration from the first and whose information is based, not only on the Board's actions, but on acquaintance with its members

BUSINESS need expect no revolutionary changes under the new National Industrial Recovery Board. There will be no tearing up of codes, no wholesale and sweeping fiat.

These conclusions stand out as a result of the calm, deliberate and responsible manner in which the board has been observed going about its tasks.

The board, headed by S. Clay Williams, is feeling its way, stressing as its first task the need of raising general NRA morale which was at a low ebb when it entered upon its activities. It is attempting to cut red tape and simplify procedure.

Slowly and cautiously as it takes up the problems before it one by one

the board will formulate its policy on code enforcement and on price and production control.

It is significant that the NRA is off the first page. But—and this is equally significant—it is on the inside pages. That explains the present policy of the board. It is alive to the multitude of problems in its keeping but not ready to make "front page" news about them. The front page is for the sensational, the unusual, even the flamboyant, but there is nothing flamboyant about this board, no seeking after headlines.

Such changes as are being made by the board in administration or policy are matters that have matured through slow deliberation. It is quite



FOR N. B. BY HAMMER

possible that policy changes will, in some matters, be so slow and will come about in such a gradual manner that one may not be able to state definitely that such and such a change took place on a certain day.

Codes are being examined provision by provision. A change here, a change there, a careful husbanding of practical provisions that have proved themselves. That would appear to be

the method of this new board. Its effort will be to preserve the good in existing codes, not to make unilateral changes and, above all, to consult the industries involved before making decisions.

Advancing with deliberation

THERE has been a great deal of talk, gossip, rumor, conjecture, surmise and what have you concerning the board's policy on price and production control. One commentator has stated flatly that the board would sweep aside all code provisions on pricing and limitation of production. The report which stated that price features, limitation of machine hours, the ban against plant extensions and against sales below cost would be abandoned like the plague met a swift denial.

This report was characterized as a hangover from the "spectacular and glamorous phase of the NRA which has come to an end."

"We are now engaged in the workaday task of taking up those things that were done hurriedly—necessarily hurriedly in the campaign to get all industries under codes—and to study them in a more deliberate way," is the way Mr. Williams states it.

The new board faces, first, the problem of administrative reorganization. As head of NRA, General Johnson was more cheer leader than coach. He fought, and fought hard to stir the public enthusiasm for the Recovery Administration; the business man with faith, ready to sign his code without too many questions, was welcome at the mourner's bench; the unbeliever was to be "cracked down" on. The Johnson task was one of making converts; the new board's task is one of setting the church in order.

For that major job W. Averill Harriman has been chosen. Harriman is 43, rich, energetic. He shares with Vincent Astor the ownership of *Today*—a pro-New Deal organ edited by Raymond Moley, close adviser of the President.

The second problem which the new board must face is judicial. As I have said, they purpose to face problems as they arise, to decide each case on its own merits, rather than to write a set of laws to which business must conform. A specific case might be this:

The ice manufacturers have in their code a clause limiting new production. The makers of ice machinery see this as a threat to their industry, since it deprives them of a free market for their products. This case may come before the NRA board. If it does, it will be settled on its merits. "In the public interest" is the phrase; it will not be settled on the principle that production control

is of itself right or wrong. The same thing will hold true of price fixing agreements and of other code restrictions.

The third problem before the new group is that of enforcement, a tremendous task which will be tackled geographically through the existing regional boards.

The big task of the Williams board then is one of organizing, simplifying, clarifying. There is no present rush of new codes to be approved; something like 95 per cent of American business already is living under one or more codes. On the new board is being focused the same conflict on price fixing and production control that made life so hectic for the board's military predecessor. What is this conflict?

In general it may be said that the manufacturing industries, and some of the producers' goods industries are not averse to price and production control. That means steel, coal, oil, electrical machinery, ice, textiles and many others. Forty-nine codes include provisions limiting the hours that machines or plants may be operated. Some control over new capital investment has been written into 44 codes. Fourteen approved codes include provisions directed toward allocating the output of the industry among the various producing units. In some codes the problem is tackled from the angle of banning sales below cost, with costs determined by a more or less rigid accounting system.

The distributors oppose manufacturers' price and production control. That means the retail stores and the wholesalers. Many dramatic hours have occurred in Washington hotel rooms and in NRA offices while retail storekeepers, department store owners, druggists and retail grocers have argued against manufacturers' price control. Some retail interests, however, in cases such as books, drugs and food have welcomed agreements for resale price maintenance or markup.

A fair indication of the sentiment of one section of the retailing industry is found in the declaration of principles set forth by the National Retail Dry Goods Association more than a year ago. Here are some clauses from that declaration of principles:

Manufacturers and wholesalers should not be permitted to control or fix retail prices.

Codes should not fix wholesale prices of an industry.

Codes should not set up price control devices that promote industry price levels beyond the buying power of consumers.

Generally speaking, minorities oppose price fixing. It is this conflict

which has made life a headache for NRA deputies and their associates. The intensity of this conflict caused the NRA to make a thorough study last spring of the pricing and production control situation. The result was the famous office memorandum No. 228 and the announcement on June 7 that the NRA was officially and definitely turning its back on price fixing except in emergencies and in order to halt destructive price cutting, to protect small enterprises, curb monopolistic tendencies or maintain code wages and working conditions.

Immediately protests began pouring into General Johnson's office and he held that the policy did not apply to codes already approved. Codes already approved, he said, might be amended only as a result of negotiations with code authorities.

The hedging about of uniform cost accounting provisions, as explained in the office memorandum, caused many industries to hesitate before asking changes that would lean toward banning sales below cost.

The policy on price control

PERHAPS recent pronouncements on price and production control may enlighten us as to the tendency of policy. When a Federal District Court, early in October, held that price fixing was not authorized by the NRA, in response to a plea of 600 hardwood manufacturers charged with disregarding minimum prices, Blackwell Smith, Acting NRA General Counsel and legal adviser to the NIRA, said that there was no doubt the NRA had the power to fix prices. He pointed out that a distinction must be made between price fixing as a general program and measures against price cutting in specific instances where recovery was challenged by destructive practices.

Mr. Smith also pointed out that there was a difference between natural resources industries and others, that the NRA was more inclined to step in and work toward artificial stabilization in the former as their resources could be exhausted if curbs were not set on price and production. The only real question to him was the "practicability" of price control.

At about the same time Mr. Richberg denied giving any indication as to the end of the price fixing and production control. He said there would be no sweeping changes but that many business men were disillusioned concerning production and price control benefits and that these problems would be worked out industry by industry. He had no doubt of the need, in some specific instances, of prevent-

(Continued on page 50)

Watching Washington

By **FREDERICK SHELTON**

(Of the Kiplinger Staff)

THE New Deal is being remodeled. This is the one big fact which impresses a Washington observer at present.

There is a new tendency to shy away from fresh experiments. The light-hearted manner in which vast projects were launched last year has given way to a more sober approach.

There is slightly less interest in reform and considerably more interest in the quickest possible recovery. There is new recognition that relief cannot serve much longer as a substitute for jobs, either from the political angle or from the economic angle.

A major testing of the whole Roosevelt régime is in the offing. It will come in Congress this winter. It will come in all the arenas in which public sentiment is demonstrated. The result probably will be a greatly modified program. Either the program will be modified or the Roosevelt Administration will lose support. And the President is too adept at shaping his program to meet changed conditions to permit the prestige of his régime to suffer loss of popular following.

These seem to be the chief background factors which you must keep in mind if you are to understand what is going on at Washington. And these are the factors which will give special significance to the Congress which convenes January 3.

Year of Experiments

THE first year of Roosevelt was marked by one bold experiment after another. Seasoned politicians were dumbfounded by the succession of White House proposals.

Measures long considered politically impossible were rammed through a dazed Congress.

Recall some of them: A farm relief plan which combined most of the panaceas offered by the farm bloc in the course of the past ten years. Free coinage of silver, on a permissive basis. A flexible dollar, with the President having power to do the flexing. A \$3,000,000,000 public works fund. A gigantic experiment in socialism in the Tennessee Valley. Drastic banking and financial reforms. Waiver of antitrust laws to permit industrial combinations under NRA. Billions of government credit for refinancing farm and home mortgages. And, on top of all these, direct federal relief for the unemployed on an unexampled scale.

Lessons Learned

BY the summer of 1934 it was clear to most people that many of these experiments just didn't work out as well as expected. It is now generally recognized within the Admin-

istration that certain basic inconsistencies have operated to slow up recovery and to defeat the purposes of some of the recovery efforts. Thus the restrictive influences of NRA have started a revision of that agency. AAA reduced production of agriculture so well, aided by the drought, that plans now call for increased acreage in 1935. Monetary juggling started a speculative price rise, cheapened our exports in foreign currencies, and gave the impression of business stimulation for a while, but

now it is beginning to be recognized that monetary uncertainties retard business expansion. The Securities Act not only prevented fraudulent stock sales but interfered with necessary refinancing and the offering of meritorious new issues. At the end of a year the Act was revised, and probably will be further liberalized.

Some net progress has been made on the road to recovery. The most conspicuous gains have been made in the field of banking and credit. The Government has put billions of public credit back of the banks, back of farm and home mortgage debtors, and others. But, by the usual standards of business measurement, there has been but little gain since a year ago.

Business Cooperation

RELIEF rolls haven't shrunk. Nearly a million more dependents are on the Federal Emergency Relief Administration than a year ago. There has been no appreciable diminution

in the total of unemployed since a year ago. These facts worry Washington officials. These are the considerations which cause the President to seek rapprochement with bankers and business men. In the main they afford the acid test of the whole set of ideas which have prevailed under the New Deal.

So the Administration is now ready to try a different approach to the problem. It is ready to overhaul some of its emergency recovery machinery. It is willing to cooperate with business heads who offer help in good faith. It is beginning to see that such cooperation is essential.

On certain issues, however, there will be no compromising. The Administration is going straight ahead on huge relief projects. The financing of this must come from sale of government bonds and the Government intends to see to it that credit is forthcoming—from private sources, if possible, but through use of government central banking devices, if necessary.

So the stage is set for a new era of relations between Government and business calculated to give new impetus to private employment. The hope is that business will revive during the next three or four months. These hopes are moderate, however. Actually Washington officials will not be surprised if business lags. Therefore, plans are in the making to inject new stimulants, new kinds of stimulants, with emphasis on encouragement of private investors and private employers.

Administration Attitudes

NO ONE can pretend to know, of course, just what is in the mind of Mr. Roosevelt and his principal staff advisers. But one can take facts, acts, statements, plans, and conversations with many officials concerned, and put together a pattern of Washington influences which probably gives a fairly accurate idea of prevailing administration attitudes.

First, the hodge-podge of conflicting efforts must be fused into some master pattern. A start on this is being made under the direction of Donald Richberg.

Second, restrictive policies of NRA and AAA and

other agencies must be modified to promote production, employment, and a higher standard of living.

Third, monetary uncertainties are to be lessened. They can't be entirely removed, but assurance will be given bit by bit that our currency will not be jiggled except in case of great necessity, and then only to preserve a measure of stability in relation to other currencies. This is the so-called *de facto* stabilization.

Fourth, budget balancing is not possible now. Government must spend for relief, for public works, for loans to support various institutions, and to promote employment.

Fifth, Government must borrow from the banks and other private investors. And these banks *must* lend because, if they don't, government credit will be threatened and the bonds now held by banks will shrink in market value, making many banks insolvent. So the banks are "locked in." The Government is reasonably sure the banks will continue to lend to the Government. If they don't, of course, the Government will engage in central banking, exchanging bonds for central bank credits.

Sixth, a little inflation is desired—inflation by the bank credit route. There are plans for bringing this about.

Seventh, the President must keep control of Congress. Congress is likely to go to extremes on spending splurges. Such spending as there is must be in accordance with the Administration's own coordinated plans.

Eighth, conscious efforts must be made to promote business recovery even if some desirable reforms have to be deferred.

Ninth, business will be patted on the back, perhaps even subsidized indirectly. But the pats on the back will be mainly for those who play ball with the Government.

Tenth, labor will be favored, but not indiscriminately. There is a growing impatience among administration officials with labor extremists. Some friendly curbs for labor seem to be indicated.

Eleventh, prices need to go higher, but there's no great hurry. And a better balance of prices between various groups of commodities is probably more important than a blanket rise of the general average price level.

If you keep this outline of Administration attitudes in mind, you will be able to anticipate much of what Congress will do in the next session.

New Congress

THE incoming Congress will be a "spending" Congress, predominantly Democratic in both branches. But this will not mean much because both parties will be disposed to vote public funds freely.

Republicans will coalesce more noticeably than in the last Congress, will present an organized opposition to many Administration proposals. But Republicans as a party will not be a strong conservative influence. They will have a useful nuisance value because their opposition will force more deliberate consideration of Administration proposals.

Blocs and lobbies will exercise more decisive influences than party organizations as such. Blocs will operate regardless of party and will shift the balance of power from time to time on different issues. Roosevelt broke the backs of some of the most powerful group lobbies in 1933, but they didn't stay broken. The lobbies will be on the job more assiduously than ever next year, especially those representing labor, agriculture, and the veterans.

Business groups will have opportunity and necessity to organize actively for legislative campaigns in the next Congress. They will be in a position to get in some good licks, to have real influence, if they go at it constructively. They can't fight the New Deal blindly and get away with it. But they can do a real job if they

thoughtfully recognize the problems of the Government and propose workable plans for dealing with things as they are.

Roosevelt Control

the measures he wants.

Congress probably will go beyond the Administration's recommendations on spending, on relief, public works, and the veterans' bonus. There is reason to believe that Congress will vote the bonus—over a veto if necessary.

Republicans and recalcitrants among the Democrats probably will be able to block extension of some emergency powers which expire during 1935. But this will not necessarily be a calamity. There will be a real testing of many New Deal concepts.

New Legislation

THERE will be less emphasis on new experiments. The whole spirit of the Administration these days is to try to patch up the legislation already enacted and to try to make it work more smoothly. This means there will be much tinkering with existing laws but not much in the way of brand new proposals. Only a few situations call for new legislation.

Unemployment insurance and old-age pensions will get the right of way. It seems reasonably certain that action will be taken on both. Final legislation probably will be moderate—a sort of beginning. Business opinion will be given weight. It looks now as if the guiding principle will be to provide federal financial aid to states which take leadership in working out their own state systems of unemployment insurance and old-age pensions.

Substitute for NRA

OFFICIALS are thinking and talking about what will succeed the present NRA after next June. They have not yet jelled their ideas. No specific administration plan has been developed. There is some good guessing, however, along this line:

Some form of industrial cooperation or combination will be continued. It probably will be largely voluntary so that industries can enter into it or stay out as they see fit. If they come in they will accept labor provisions similar to those now in force.

"Collective bargaining" probably will be clarified, and tied up with stricter accountability of labor unions.

In principle, new legislation will discourage price control and production limitation. Natural resource industries are likely to be given special treatment, however, with a large measure of government supervision over the entire industries.

Agriculture

THE present Agricultural Adjustment Act will not be greatly changed, but will be amended in various minor respects. Administrative policies will be modified. New emphasis will be put on encouragement of exports of surplus crops. A more solicitous attitude will be taken toward agricultural cooperative associations. And agricultural trades will be somewhat less harassed by officials, but strict regulation will continue.

New federal regulation of commodity exchanges now seems almost certain. This is true especially as to grain exchanges, but there is a strong possibility that all commodity exchanges will be subjected to new regulatory legislation.

The Bankhead Cotton Control Act probably will not be applied to the 1935 crop. New ideas for cotton will be

offered in Congress by Senator Smith, however, unless all signs fail.

On the whole, next year ought to be a good year for agriculture as measured by aggregate farm income. Acreage will be up, production will be up, but the best official farm forecasters here expect prices on the average to run somewhat higher than the 1934 average. These forecasters point out, however, that some of this year's good spots will be poor and some of this year's poor spots good.

The farm organizations are growing more conservative on legislative policies. Thus the Frazier bill for refinancing all farm mortgages with greenbacks seems doomed; and the outright inflationists who last year claimed to speak for agriculture will not be able to draw much support from those quarters in the coming Congress. This is a point worth keeping in mind.

Railroads

THE Administration will sponsor remedial legislation for the railroads. And some relief will be provided. It will not put the railroads on their feet because only a substantial increase in traffic can do that.

The Railroad Coordinator's powers will be continued and probably amplified. Mr. Eastman's hands have been tied under present law in effecting labor economies.

A Supreme Court decision on the railroad pension act is expected by April and this would give Congress a chance to pass a court-proof law before adjournment. You can depend on enactment of such a law if the present Act is held unconstitutional.

Federal regulation of motor trucks is on the program. It probably will be inadequate from the viewpoint of those who want really effective regulation.

Several railroads in great financial distress are now being diagnosed by government railroad authorities. A more liberal policy on government loans probably will be carried out. Some railroads are regarded as hopeless. These are roads whose records over a period of several years indicate that they could not be expected to carry their fixed charges even under normal traffic conditions. The Government will not try to keep these from going through reorganization. But railroads whose past records show that they could make the grade under normal traffic conditions will be given such loans as are needed to tide them over.

The Reconstruction Finance Corporation, the Government's big holding corporation, will have its life prolonged. (It expires under present law on February 1, 1935.) It may be given additional powers.

Banks and Credit

ably accounts for the subsiding of open criticism of administration policies by bankers.

Actually it is hard to find that the Administration really wants to set up a real central bank. It probably would be enough for the Government if it could be sure that the Federal Reserve Board and the governors of the Federal Reserve Banks would cooperate fully in carrying out the Government's financing plans and an effective credit expansion program. This cooperation seems likely to be forthcoming. Therefore, no government central bank. And, therefore, continued bank financing of the Treasury, and ultimately much credit expansion. Thus central banking will do what a government central bank might do.

The Treasury is extending its control over banking and credit agencies. Gradually the Federal Reserve System is becoming an arm of the Treasury. Steps are

being taken to tie the office of the Comptroller of the Currency closer to the Treasury. Eventually the Federal Deposit Insurance Corporation will be dovetailed into the Treasury. The Treasury may get control of the RFC and thus become part proprietor of the thousands of banks in which the RFC holds stock.

Part of the strategy seems to be so completely to dominate banking that credit inflation can be forced, thus avoiding otherwise inevitable inflation of a more cyclonic character.

Inflation

WASHINGTON officials continue to insist that inflation can be controlled. Those schooled in monetary matters watch the quickening of the inflationary leaven. They think they now see a little more clearly the type of inflation that is coming. Signs now point toward bank credit inflation, an outgrowth of excessive deficit financing by the Government, with Government getting stronger control over credit agencies. The "catching" may be precipitated by fear, by distrust of the future value of dollars, or by an upwelling of business confidence which would call into use the huge supplies of credit now dormant. Determination of which of these two influences will dominate depends on how skillfully the Administration frames and executes its program during the next six months.

The time element remains highly uncertain. We have traveled far already on the road of inflation but concomitant repressive policies of the Government have delayed the "catching." Guesses as to the time when inflationary phenomena will become conspicuous range from the fall of 1935 to late in 1936.

Business Attitudes

IF one could chart the course of business confidence in Roosevelt's administration and the future of business the chart would show a very jagged line. The peak probably would be shown in the first few months of the New Deal. The low probably would be recorded in August, 1934.

Business opposition, the belligerent mood, probably reached a peak last August also. Since then there seems to have been no marked gain in business support for the Roosevelt program but there has been a sort of acceptance of the inevitability of the set of ideas which now prevail at Washington.

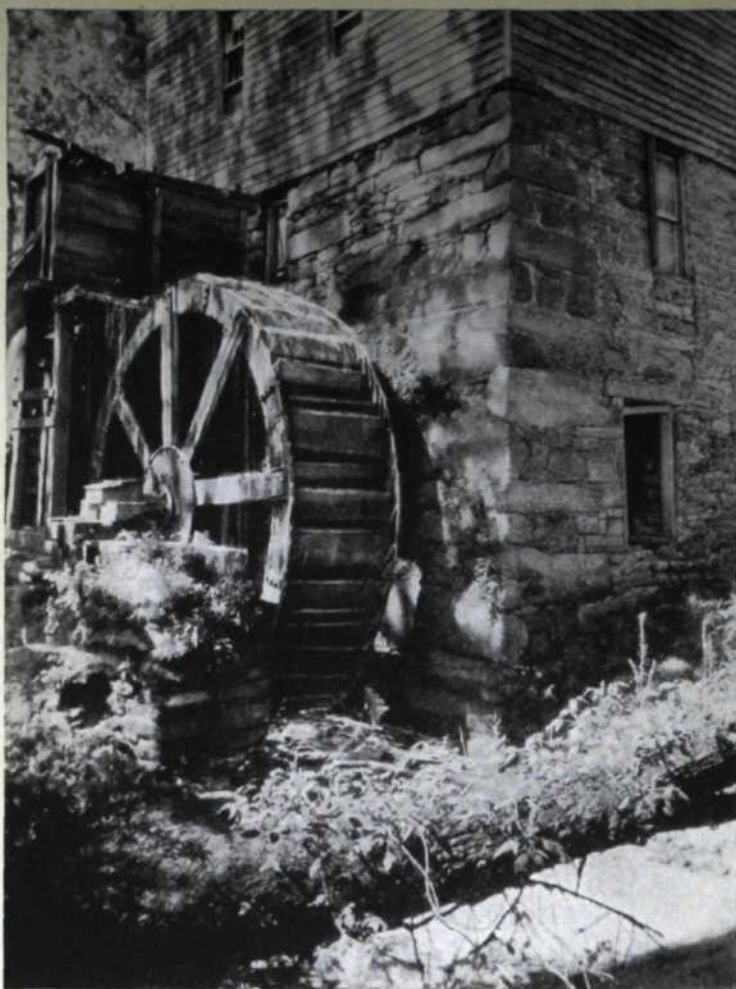
A certain minority seems reconciled to going along and making the best of the situation. They will try hard to get their share of such business as there is.

The majority of business men, however, seem to have their fingers crossed, and their tongues in cheek. They are not sold on the efficacy of Washington policies. They have quieted down in their open criticisms but are not yet in the mood to venture much on new business plans or investments.

How Long, All This?

THE statistical low point of the depression probably is past. But how long will it take to restore something roughly resembling business normality? There's no way to foretell surely. All predictions are guesses. But the composite of thoughtful Washington opinion probably is this: 1935 will be a difficult year, perhaps a little better than 1934, but not much. 1936 will bring definite increase in construction, and the belated evidences of inflation—a hectic, troublesome year, with election furor smack in the middle of it.

A reasonable view is that it will take at least five years to restore the country to business, economic and social health.



A Picture

POLITICIANS to the contrary, American ways of living are largely the contribution of business men. The magnificent apparatus of trade is now jeopardized by increasing bureaucratic control. Intensive specialization explains the preoccupation of business men with their own problems, says Professor Cabot, but it should not excuse them from sharing with Government the responsibility for conditions which affect the conduct of business. Their genius is needed in the management of public affairs. — Editor

In 50 years business men have wrought improvements which completely revolutionized the field of power

MANY of our ablest business men seem almost ready to give up the struggle to lift the nation out of this depression, because they feel that they are not trusted by the Administration, and that they have been blamed indiscriminately for all the ills which have overtaken us.

Their inability to act decisively may be ascribed partly to a sense of injustice which wounds their self-esteem and partly to inability to grasp clearly the nature of the changes which are taking place. The situation thus created is serious and may even prove disastrous in this crisis of our affairs because the major problems which we face today cannot be solved without the aid of businessmen.

For this unfortunate situation both sides must share the blame. Many of the accusations against business men have been unjust and their failures in leadership have been exaggerated, but the fact remains that they have not shown the capacity for leadership in this depression which their fathers showed 40 years ago. For this failure there must be a reason and I suggest that it is not because the men at the head of our basic industries today are less capable than their predecessors, but that they have been more highly specialized.

The amazing successes which they have achieved in the past 50 years have been bought at a high price. To win them, they have been forced to become so overspecialized that when they are required, as they have been during the past five years, to deal with important questions of social and political statesmanship, they are as helpless as a piano tuner called in to take out an appendix.

No one is likely to deny that specialists are an essential part of the mechanism of modern society, but it may well be that, for business men who aspire to positions of high command, specialization has been carried too far. I



Electricity is changing our way of life, not only in the factory but in the home as well

suggest this because the achievements of business men in production, transportation, communication and distribution in the past 50 years have brought us to the point where I believe that the most important problem of the nation is not how to produce wealth but what to do with it when it has been produced.

The politicians quite naturally assume that this is their problem and not a problem for business men; but what we see as we watch them at work upon it is a vast number of men trained in other fields trying to apply business methods which they do not understand. The so-called "Brain Trust" is an example of what I mean.

"Brain Trusts," as Owen Young, one of the greatest of

Puzzle for Business Men

By PHILIP CABOT

Professor, Graduate School of Business Administration, Harvard University

our business men, has pointed out, were invented and have been used by business men for a generation. The amazing advances in industrial technique which have revolutionized our whole way of life are primarily the work of a large number of "Brain Trusts."

Business men call them Research Departments, and they have learned by long and bitter experience to make a sharp distinction between the research worker and the application engineer. Admitting that the progress of the past 50 years is mainly the result of inventive genius, business men know that the inventor because of his genius is usually not qualified to make the practical applications of his invention. They know that "the shoe-maker should stick to his last," and therefore they do not ask a scientist to operate a turbine.

But politicians apparently disregard or do not know this when they try their hands at business. We cannot

blame them. They were not trained for business administration, but we may perhaps be pardoned if we remark that much of the confusion which we see about us today is caused by the failure of politicians to recognize and adhere to principles which business men have forged in the fire of experience.

But, if the politicians have failed to understand business principles, the business men have failed in an even greater degree to understand political principles. For three years after the panic of 1929 they tried to apply business and economic principles dating from the last century to a political situation that they did not attempt to grasp. They stood in the presence of a major shift in the social center of gravity of the nation, of which they seem to have been wholly unconscious.

The result of this blindness has been a violent political upheaval caused by a revolt of masses of our citizens



ALL PHOTOS EWING GALLOWAY

Increases in the speed of locomotion in 30 years have had far-reaching effects on our way of life. On Easter, 1910, one automobile appeared on Fifth Avenue, N. Y.

against alleged defects in the structure of our government. This has brought us to the brink of dictatorship.

Receiver for a democracy

DICTATORSHIP for a nation is the political name for what is known as receivership for a corporation. When popular governments become overexpanded, as they not infrequently do, dictatorship is the only method by which they can be deflated, because it is inconceivable that modern democracies with universal franchises should cut down their powers by popular vote. The major problem, it seems to me, which confronts the nation today is whether we can adjust ourselves to the new conditions so as to meet our obligations or whether we, too, must go into receivership. Since the framework of our government was set up, such radical changes in our manner of life have occurred that corresponding changes in the structure of our government may now be required if destruction of it by violence is to be avoided.

To the average business man this sort of talk will probably seem academic and irritating. It may be irritating (most disagreeable truths are) but it is not academic, because it cannot be denied that the most important changes in our economic and social life during the last generation have been the work of business men. It is these changes which have created the political pressure for changes in our form of government, and if changes of this character must now be made it is the business men who have forced them upon us.

By way of taking the curse off this proposition, let me say at once that it is not intended as an indictment. On the contrary, it is my considered opinion that, of the major groups of men charged with the responsibility for the nation's welfare during the past generation, our business men have proved themselves the most creative and the most competent. But, if it is true that business men have been largely responsible for creating the changes which have brought us to this pass, they must carry on the work.

I am not advocating an oligarchy of business men. Our experience ought to have shown us that this would be a fatal error. What I suggest is the use of experts where experts are needed, buttressed, as they must be, by men of broader experience, instead of the employment of lawyers, professors and newspaper editors. These men are specialists doing work for which they were not trained and for which the business men are. But, in order to be useful in the present crisis, it is essential that business men should be prepared to take great risks in a united effort to pull the nation out of the hole.

It can hardly be expected, however, that hard-headed business men should accept, without some effort to substantiate it, the proposition that the major changes in our way of life have been made by business men because, if this is not true, they might perhaps be justified in washing their hands of responsibility. Space will not permit a complete statement of the whole case. All that I can do is to offer a few examples of what business men have done in (and to) this country in the years from 1880 to 1930. This will serve to indicate my general line of thought. I take this period of 50 years because, having been present myself, I have some knowledge of what took place.

Progressive increase of speed

ONE of the most striking changes during that period was the progressive increase of speed in all departments of life and among almost all classes of people. From about 1880 to 1910 our railroad system was developed into a network covering the whole continent, over which passengers and freight could be hauled at high speed

and low cost. This period also covered practically the whole life cycle of the electric street railways which provided rapid and convenient local transportation supplementing, and in some cases supplanting, the railroads for local and interurban passenger service.

During the past 15 years, automobiles have come into such general use that the rising generation has practically forgotten how to walk; and we can now see quite clearly the time when the airplane will compete with both the automobile and the railroad for passenger traffic. We can fairly say, therefore, that the speed of locomotion has more than doubled in this period, with deep and far-reaching effects on our way of life. This is the work of business men.

The same acceleration can be observed in the field of communication. In 1880 the telephone was hardly more than an amusing mechanical toy. Today it is an essential tool for all members of the business community; and social life in the upper and middle classes has been almost revolutionized by it. By the use of telephones and typewriters the business executive of 1930 could transact ten times as much business in a day as his father could, using the best methods known in 1880.

We may note in passing that this process of acceleration has been a prime factor in transforming the basic industrial operations of the nation from a local to a national scale; and that the present disposition of the national Government to take a hand in both the regulation and the operation of business is the direct result of the amazing improvements in transportation, communication and business organization. This is the work of business men.

Perhaps the most powerful agent in changing our way of life has been electric power which was developed entirely within this period. Its increasing use has produced a complete revolution, not only in the factory, but in the home. Applied to manufacturing, and aided by the organized inventive genius of the nation, it has provided every wage-earner with 30 slaves to do his bidding, making it possible to double his wages and reduce his working hours by one-third. Our enormous productive capacity which we do not know how to use is the child of inventive genius and electric power, trained and guided by business men.

Changes have been too rapid

THE list of the things that business men have done to us, or for us, during this period might easily be enlarged until no one would listen to it. In summary, they have completely altered the way of life of our urban population and they have done it so rapidly that we have been unable to adjust ourselves to such a rate of change. It is of more than passing interest to observe that this phenomenon was foretold by Henry Adams a generation ago in a prophecy which staggers us by its accuracy. It occurs in the chapter on "A Law of Acceleration" in his book, "The Education of Henry Adams."

Basing his estimate of the rate of acceleration on the increase in the coal output from 1840 to 1900, in the form of applied power, he concluded that the rate would double every ten years. He then proceeded to remark:

A law of acceleration, definite and constant as any law of mechanics, cannot be supposed to relax its energy to suit the convenience of man. No one is likely to suggest a theory that man's convenience had been consulted by Nature at any time, or that Nature has consulted the convenience of any of her creations. . . . In every age man has bitterly and justly complained that Nature hurried and hustled him, for inertia almost invariably has ended in tragedy. . . .

Fifty years ago science took for granted that the rate of acceleration could not last. The world forgets quickly, but even today the habit remains of founding statistics on the faith that consumption will continue nearly stationary. Two

(Continued on page 48)

The Other Side of TVA

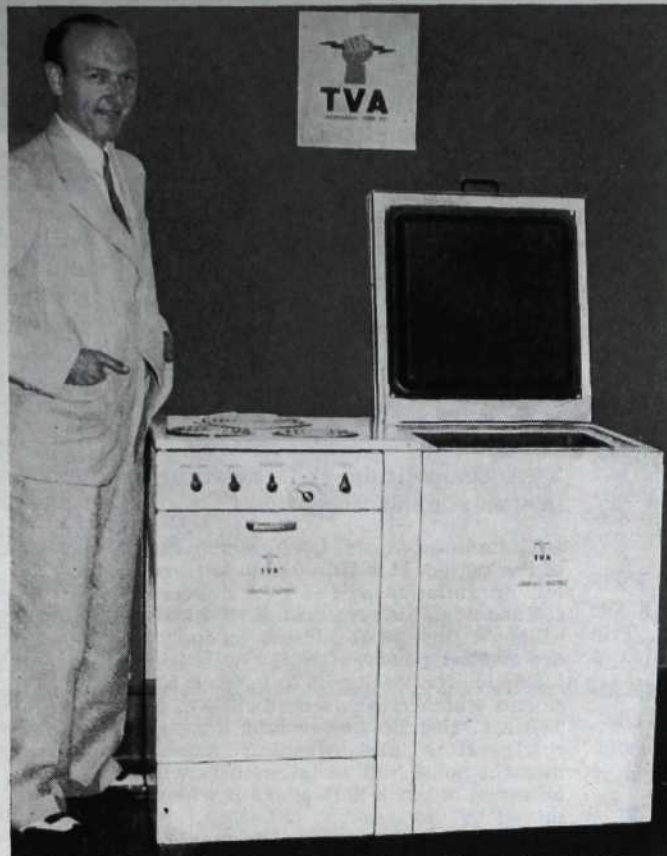
By PAUL H. HAYWARD

Of the Staff of NATION'S BUSINESS

WITH press reports indicating that the National Resources Board will recommend new federal enterprises modeled after the youthful Tennessee Valley Authority, opposition to such enterprises is becoming increasingly vocal.

These reports indicate that the Board will also recommend establishment of a super "authority" to coordinate and direct all the little authorities. Annual appropriations of from \$400,000,000 to \$500,000,000 will be urged to finance them, it is said, and President Roosevelt will suggest a program along this line to the coming Congress.

This rising opposition, centering on the brief TVA experiment, has been little publicized as compared with the ample heraldings TVA's accomplishments have had from its own officers, press agents and others. It may be useful to point out, therefore, that while TVA Chairman Morgan glowingly describes his organization as "a jewel of many facets" and Socialist Norman Thomas declares it "the only genuinely socialistic project in the New Deal—a beautiful flower in a garden of weeds," many citizens and taxpayers see it as a threat to their very existence. These citizens complain that, ironically enough, they must contribute to the tax millions TVA is using to destroy them, and that they and new accretions of federal taxpayers will similarly help to destroy themselves in raising the proposed hundreds of millions for the projected expansion of the program.



TVA's electric-appliance merchandising and other efforts to electrify homes irk the gas industry

THE public has read and heard much concerning the many and beneficent aims and deeds of the Tennessee Valley Authority. But there are other sides to the activities of TVA, and they are giving increasing concern to many citizens

One of the complaining groups is the coal industry—miners and mine owners alike. Says the leader of the former, John L. Lewis, president of the United Mine Workers of America:

"It (TVA) can only mean vast increases in unemployment."

Mine owners, through a National Coal Association pamphlet, supply some supporting figures. The million-kilowatt-year output of TVA's proposed hydro-electric plants, the Asso-

ciation declares, if produced by coal burning plants, would require more than six million tons of coal yearly. Thus, the Association points out, TVA hydro plants promise yearly to bring about:

Elimination of 120,000 carloads of coal (2,400 trains of 50 cars each) and the rail employees required to operate them.

Loss of more than \$12,000,000 in railroad freight revenue (50 cents of each railroad revenue dollar goes to labor).

Taking of \$6,000,000 annually from mine employees' pay envelopes.

Loss of employment and pay to many others engaged in coal production and distribution.

Elimination of, in the aggregate, 6,000,000 work days.

Permanent closing of hundreds of mines, upon which whole communities are dependent for support.

Add to these effects of TVA the similar effects of other government water power projects—Grand Coulee, Bonneville, Fort Peck, Verde, Caspar-Alcova, Boulder Dam, and Loup River—and the coal men's alarm over this government-sponsored threat to their already suffering industry is readily understood. They object that all

these latter power projects have been authorized and are being financed (\$126,250,000 allotted so far) by the Public Works Administration without specific congressional sanction. They declare:

That TVA hydro-electric power, irrespective of the rate at which it may be sold to the public, will cost more per kilowatt to generate than equivalent steam-generated power there.

That private power plants in the

Carolinas, Georgia, Kentucky, Tennessee, Alabama, and Mississippi at the end of 1932 had facilities for supplying more than double the existing demand and consumption of power.

That in the face of this surplus of facilities and power TVA contemplates duplicating more than 60 per cent of those facilities and itself generating more power than the total present demand in the entire area.

That power consumption in the TVA area will have to increase 350 per cent to provide a market for all present power there plus TVA's proposed power.

Only the highlights of the Coal Association case have been touched here. A concluding point should be added, however—the Coal Association's answer to the question, "Who pays for it?" It follows:

Higher costs of hydro-electric power as compared with steam power represent a hidden but no less real and inescapable burden upon the American pocketbook. These costs must be met from some source, either through rates or through subsidies. If the consumer of high-cost hydro-electric power pays the full cost, then his electricity bill . . . will be higher than need be. If the consumer is not charged the full cost, then the American taxpayer foots the bill for the difference.

Further attacks on TVA were loosed at the Coal Association's recent convention in Washington. The Association's government relations committee, reporting President Roosevelt's announcement on Oct. 16 that "increased funds for the Tennessee Valley development and expansion of similar projects in other sections" would be one of the main objectives in the coming year, said:

"In the debauched state of the public mind on the subject of federal appropriations for local enterprises it is going to be necessary for the bituminous industry to fight most strenuously to protect its interests against such unfair and unjustifiable public competition."

More harm than good promised?

THE committee recommended furtherance of the Association's educational campaign concerning "the cost to taxpayers of power production in the Tennessee Valley territory," and the convention itself resolved:

That the hydro-electric power development now being initiated by the TVA and by other government agencies . . . is without economic or social justification and, on the contrary, is wasteful, extravagant and destructive and ought to be speedily halted. The consummation of this program will increase unemployment . . . dislocate and destroy private industry . . . effect direct losses of incalculable amount upon the coal industry and related business, upon the railroads, and upon the privately owned public utilities, will impose new, large and un-

necessary burdens upon the American taxpayers, and, taken in its entirety, this stupendous water-power development is calculated to retard rather than promote recovery.

An outspoken critic

SO much for the opposition of the coal industry in general. Most outspoken single critic within the industry is Appalachian Coals, Inc., marketing agency for some 250 bituminous coal mines in Kentucky, Tennessee and the Virginias, and therefore vitally concerned by TVA's program. This organization's booklet, "Debunking the TVA," issued late in October, opens with this quotation from the Shannon Committee's report to Congress in 1933:

"The entrance of the Government into commercial and industrial undertakings . . . for the purpose of competing with the business establishments and livelihood of its citizens, is therefore, in general, repugnant to our fundamental democratic institutions and aspirations."

Then, through 22 colorful pages, the company expresses its views of TVA competition and consequences in such statements as these:

The mining of coal is a major industry of the region. It is threatened with ruthless annihilation by the TVA's obsession for flooding this area with a vast torrent of government subsidized, "cheap" hydro-electric power.

The Electrification of America is a fine slogan which cloaks a multitude of sins. "Cheap" electric power and low-priced refrigerators and washing machines make a noise like social welfare which, however, is but a hollow sham when obtained by government chiseling.

If TVA does not succeed in marketing its power, its elaborate, hypothetical financial set-up, whereby prospective power revenues are to defray operating expenses and amortize capital costs, is knocked into a cocked hat.

When, as and if TVA finds itself with a huge investment in power facilities and an enormous supply of electric power, it must, for its own salvation, go ahead to provide an outlet for it; namely, must develop and organize a power market not now existent. That means the promotion of government-subsidized industries in direct competition with existing private industries. This promotion has already started.

The shot-gun wedding of Knoxville. TVA has purchased at a price of \$6,000,000 the existing electric light and power system at Knoxville. It was a "negotiated sale" with TVA naming the price and the private company given the alternative of accepting TVA's proposition or seeing itself wiped out by construction, by the city, with PWA funds, of a duplicate system supplied with TVA power. An unwilling seller, the company has appeal to no impartial forum. It had no legal recourse to the courts for a fair appraisal of the value of its property. TVA did not seize its property. TVA merely said—sell to us at our price or else we, in conjunction with the city and the PWA, will put you out of business. [Completion of the sale has been blocked.]

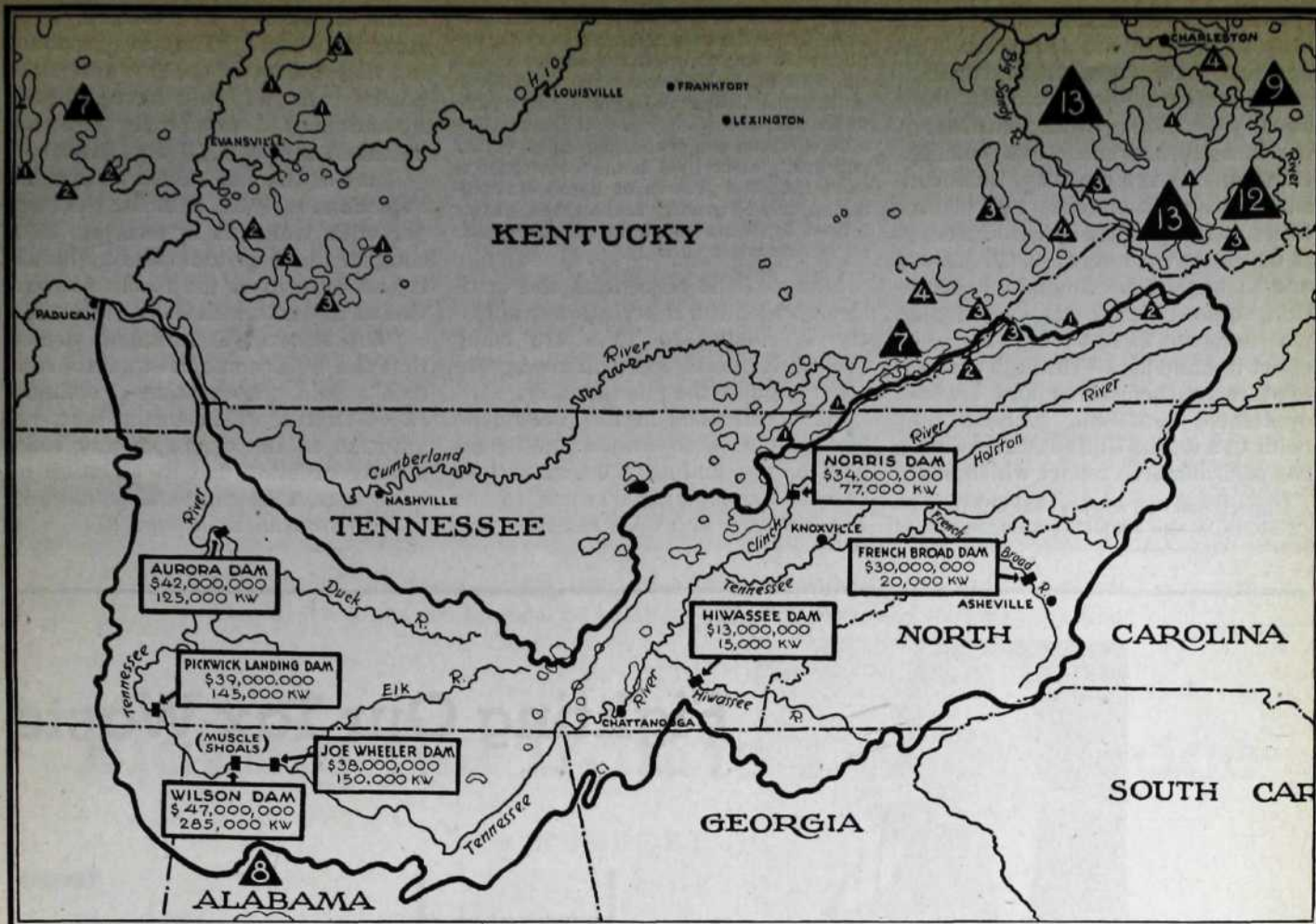
Thus are the issues joined between

TVA and the coal industry. A conciliatory gesture by TVA—Chairman Morgan's allocation of \$100,000 for research into ways and means of expanding uses for coal—roused a suggestion that this include an inquiry into the relative cost of steam and hydro-generated power in the Valley. Dr. Morgan outlined a basis for such an inquiry and also TVA's research plans at the recent Coal Association convention but at this writing the Association has taken no official action toward joining with TVA in either. One puzzled coal man pointed out to Dr. Morgan that the Federal Bureau of Mines and Geological Survey have been conducting coal research for many years with public funds. "But now," he concluded, "in order to save the ordinary budget we withdraw support from the Bureau and the Geological Survey—and then we find that TVA has \$100,000 to do their work with."

Utilities aren't suing

THE opposition of privately owned public utilities to TVA is patent but some elaboration may prove of interest. It is significant that in spite of TVA's competitive threat Valley power companies are not parties to the legal proceedings brought to block TVA acquisition of their properties. On the contrary, Vice President R. W. Lamar, of the Tennessee Public Service Company, recently testified before the Tennessee Railroad and Public Utilities Commission that competition with TVA would have "very serious and disastrous results" and that "under all the circumstances" the Commission should approve sale of his company's properties to TVA. Similarly Alabama Power Company officials refused stockholders' request that the company sue TVA and cancel sale to TVA of certain northern Alabama properties. The company's only means of avoiding destructive competition from an agency "backed by federal funds," officials pointed out was to sell, though—according to later testimony—it involved a loss to the company of some \$1,783,000 on the properties involved. But while these companies, under threat of the TVA "shotgun," abstain from legal proceedings, their officials decry the situation.

An example was the address of President Wendell L. Wilkie, of the Commonwealth and Southern Corporation, parent organization of several affected companies, before the recent Investment Bankers Association convention. Government competition with private business as exemplified by the TVA, he declared, is a direct challenge to private in-



TVA hydro power's threat to the coal industry is here indicated. The heavily outlined area is the Valley proper; lightly outlined areas are coal fields, and the numerals on the triangles show the number of million tons of coal produced annually

dustry on a scale hitherto unknown.

TVA's "low" rates are illusory, he maintained, declaring that most private electric utility operating companies are today selling power at lower rates than TVA, taking into account the same factors.

TVA's self-determined allowance for taxes—five per cent of the wholesale price of electric energy—he declared was but a tenth of the taxes actually paid by privately owned plants in the same territory.

He pointed to PWA gifts to municipalities desiring TVA power of tax funds covering 30 per cent of the cost of building transmission and distribution systems.

TVA's writing down of the Muscle Shoals steam and hydro plants from their original cost of \$60,000,000 to \$25,000,000, he declared, amounts to an outright 60 per cent subsidization.

Further, Mr. Wilkie declared, TVA employees travel at reduced rates on railroads; TVA railroad freight is hauled at not more than two-thirds of the rate private power companies have to pay; TVA letters, advertising matter, and bills go by franked mail, and TVA financing is at low interest

rates, based on the national credit.

"Apply all these differentials to privately owned electric operating companies," he concluded, "and you will find their rates much below the TVA rates."

Questioning the "yardstick"

THE point raised by Mr. Wilkie concerning the actual "cheapness" of TVA rates leads to related criticisms concerning the "electrical yardstick" which TVA has set up. Establishment of this "yardstick" for measuring relative costs of public and private power operation was one of TVA's chief announced purposes.

Critics question first whether, in view of the many variables entering into power costs in different localities, such a "yardstick" is, as a matter of fact, of any value.

Second, they question TVA's "yardstick" *per se*.

Countering TVA's claim that all costs to which privately owned utilities are properly subject were included in calculating the TVA rates, they point to such fundamental differences in TVA costs and their own

as these:

Private companies must pay approximately seven per cent interest on capital; TVA is financed through government borrowings at approximately four per cent.

TVA, blessed with an elastic book-keeping system, can charge whatever sums it pleases to flood control and navigation in its dam construction program, whereas private hydro-electric companies must charge all dam costs, often including such locks and channels as government may require, to power.

Many of TVA's financing, promotional, developmental and other incidental costs are stood by other government agencies. Private industry must pay all such costs itself.

In addition they enumerate many taxes private utilities pay but which TVA does not. In Alabama, for instance, these include the state generation tax, federal tax on electric energy, corporation tax, franchise tax, state and local gasoline tax, and general ad valorem state and county taxes. These last include school taxes, the extent of which may be gauged from the fact that of the \$2,125,000 of all forms of taxes paid in 1933 by the Alabama Power Company, more than \$800,000 went for school purposes.

These critics further declare that, atop all these favorable factors, TVA has based the rates under which it declares Muscle Shoals to be in "yardstick" operation upon expectations of increased domestic current consumption that are far too rosy. Such consumption must increase two to four times (the present annual average is 600 kilowatt hours) if TVA rates are to approach economic justification, these critics assert. Questioning whether even TVA's double-barrelled effort to build load—through the lowered rates themselves and lowered appliance costs—can succeed, they point to a recent United States Chamber of Commerce report which says:

Experience has shown that cheap power alone is not sufficient inducement to

bring about wholesale house electrification. Other factors, such as income, appliance costs, competitive services, and the like must be considered. . . . Even with substantial reductions in equipment cost and energy cost it is questionable whether the economic status of the potential "electrified home" customer is such that the growth of home electrification can be greatly accelerated, unless forced by some artificial stimulus such as government subsidy.

Many of the objections and criticisms which the electric power industry is raising to TVA are being echoed in increasing volume by another group—the gas industry.

Gas companies in the Valley, no less than privately owned power companies, are finding TVA a serious threat. Particularly irksome to the gas industry is TVA's ramified tax-

financed efforts to "electrify the American home." They are responding with a drive of their own to make homes "all gas" and have adopted numerous and reportedly effective means to that end. (See page 55.)

Some of the gas industry's specific objections to TVA, and also the temper with which it is meeting TVA competition were indicated by industry spokesmen at the recent convention of the American Gas Association.

"The Federal Government denies that the TVA is subject to state control," said Association President H. O. Caster. "This means that, regardless of the desire of any community or state and in violation of state laws, TVA can build plants and

(Continued on page 44)



UNDERWOOD & UNDERWOOD

Dr. E. W. Sheets, formerly in charge of the Beltsville project

EVIDENCE to demonstrate the inability of the Federal Government and other public agencies to execute construction work economically where these agencies are entering the construction business and doing the work by the "day labor system" is being gathered by the Associated General Contractors. The contractors point out that under the "day labor system" the Government acts as contractor, inspector and accountant with no independent check on cost or quality of the work. They insist that the taxpayer who is contributing millions for relief is entitled to a fair return.

Government officials maintain that their problem is one of relief and that unemployed of all classes must be cared for while private contractors would use only men experienced in the construction field.

The contractors reply that experienced construction men constitute a major position of the unemployed needing relief; that at least 70 per cent of construction's own employees need relief while 87 per cent of those given work relief are turned into the construction field. They further point out that the work undertaken by "day labor" includes city halls, dams, roads and other projects, which can only be properly built with experienced men; that contractors would provide employment and serve the same relief need and, in addition, guarantee improvements of real quality at lesser cost to the taxpayer.

As to comparative costs, they point to the Government building project at Beltsville, Md., where \$450,000 additional funds were needed to finish the work under the day labor plan, and to experiments carried on in

Fighting Our Tax Waste



FOR NATION'S BUSINESS BY MCAVOY

Edw. J. Harding, Managing Director, and Burt L. Knowles of the Executive Board of A. G. C. examine reports of the cost of "day labor" building

various state road building projects. Under these experiments, bids were asked from private contractors and then the job was done by the day labor method. In every case where figures are available, day labor costs were higher than the private bids.

The A. G. C. has taken its case before the Walsh Committee of the Senate which is investigating relationships between contractors and employees on U. S. construction and before the Shannon Committee investigating government competition with private industry. They plan to urge remedial legislation on the floor of Congress.



Members of the works councils are elected by the workers in the various plants. They deal with the management on questions of hours, wages and working conditions

Blazing the Trail to Labor Peace

By HERBERT COREY

WE asked Mr. Corey to go to Detroit and talk with General Motors workers, foremen, superintendents and executives and to give us an impressionistic picture of the human side of employer-employee relationships affecting 140,000 men. Here is his story of one company's attempt to solve a problem which, unsolved, is a perpetual brake on efficiency

JOE SANDERS leaves his house every morning at 7:30, and enters factory Gate No. 3. He punches his card and starts work at a bench.

A few minutes later, **Henry G. Laird** arrives at the plant office, opens a door marked "General Manager" and sits down at a desk.

Both are in the same business, working for the same owner. Both have jobs dependent on the continuing success of the business. Two glass partitions and a brick wall physically separate Laird and Sanders. Greater obstacles may separate their mental attitudes toward each other if they have no medium of mutual understanding.

If the plant is small, Laird and Sanders are probably personally acquainted. When something goes wrong, they talk it over. But if the plant has several thousand employ-

ees, it is impossible for Laird to know all of his men or realize their problems. A system of representation is required by which workers elect designated spokesmen or works councils to keep Laird informed on actual shop conditions.

Frequently Laird has some developments from the management side that he wants to relay through the ranks. Ideas flowing in both directions over this two-way channel in industry typify employee representation at its best.

To investigate the theory and practice of this form of collective bargaining, **NATION'S BUSINESS** sent me to Detroit when the General Motors Corporation, through its president, **Alfred P. Sloan, Jr.**, has just issued a basic labor policy setting forth the rights and procedure of its 140,000 factory employees in dealing with

management. However, employee representation has been functioning in all plants of this organization for more than a year. My first discovery was that both workers and management are pleased with it. Not satisfied but pleased. Both sides realize that bugs are still to be found in it. It is not yet fool proof. But it is working better than any other plan that has been tried and both sides are sure it will be made to work better.

It is not a "company union" and it is not a device by which labor attempts to share the duties and responsibilities of management. It is a plan by which the workman is learning to appreciate the problems that management must meet and the men in the office to understand what the men in the shops think is fair.

This plan is based upon the creation of a wholly voluntary organization—not a union and not dues-paying—by the hourly wage-workers in the various plants of the General Motors Corporation. The theory was that if no dues were paid there would be no temptation for ambitious members to resort to demagogic methods to get and hold lucrative posts.

It is true that the initiative came from the management, but it is equally true that, from the beginning, management recognized that it would defeat its own ends by even the slightest interference with the

operations of the works councils. Perfect independence on their part was essential to success. If the workers suspected that their councils were only a disguised form of company union, the plan would not only fail as an instrument for collective bargaining but an impetus would be provided toward the older forms of labor organization which represent the view that labor should be an essential monopoly.

Sixty-five to 90 per cent of the hourly-wage employees of the corporation in an election arranged and conducted exclusively by their own committees voted for representatives to works councils in the various plants. These councils number from seven to 30 men, according to the number of men employed in the plants. The idea was suggested by the management but the individual plan adapted to each plant's local condition was developed by the men themselves. They fashioned their own representation system, drafted their constitution and by-laws and devised ways and means to meet financial obligations. Their revenue is derived chiefly from benefit social affairs, some of which have ranged up to gatherings of 12,000 workers and their families. Broadly speaking, works councils deal with management on these matters:

Problems to be dealt with

HOURS of labor; wage rates; working conditions; safety and accident prevention; promotion of health; welfare of employees; efficiency and economy of operations; all other matters affecting employees' interest, directly or indirectly. . . .

Membership is voluntary and open to both men and women. Each elects by secret ballot one member of the works council in the plant for a one-year term. Some of the workers suspected that "company yes-men" would be elected. But in actual practice there have been few examples of this. On the contrary, the elected representatives apparently have a sincere desire to present the rights and problems of their constituents to management. Naturally, some have displayed less ability than others and fall by the wayside when they seek re-election. Almost without exception, these spokesmen for fellow workers sense the responsibilities of their position. Sometimes they have to assert their own rights as evidenced by a works council chairman who quite properly asked a company executive why he had come to their meeting when not invited.

The answer was not satisfactory.

"We must ask you to leave the room," said the chairman, and the executive left.

Works councils in all plants meet alone behind closed doors. They may call in any supervisory executive from the president down if necessary to clear up a point of pressing importance. They maintain their own headquarters, records, and minutes of meetings.

The councilmanic hackle does not bristle nowadays. Not only do councilmen recognize that the corporation does not wish to interfere even by a veiled hint with the operations of the councils, but that such a procedure would destroy their reciprocal usefulness.

"Not that we don't have trouble now and then," said a corporation

spokesman, candidly. "Some of the men of the management have not quite gotten it into their heads that they are to let the councils alone. There have been instances of interference. We stopped it when we found it, but it always made trouble."

At first considerable suspicion was encountered with employee representation:

"Just another company union," said many men.

Interference with the foremen

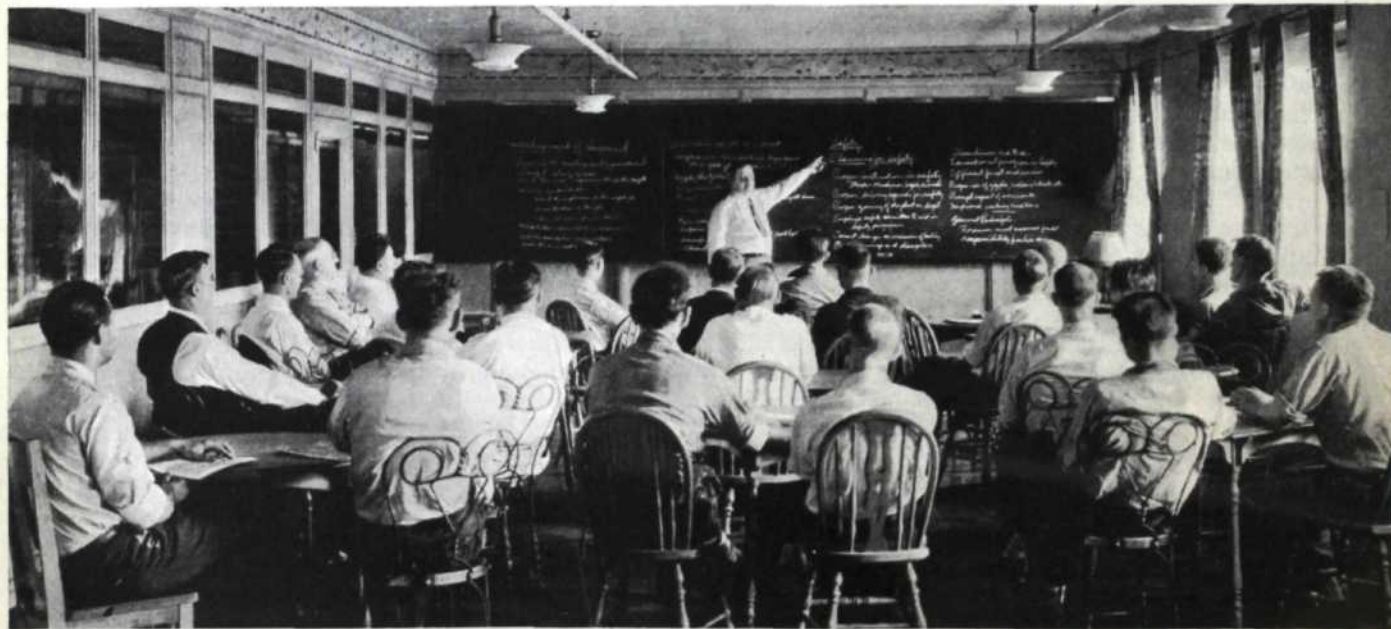
FOREMEN discovered that the proposed councils would have authority to deal with them on behalf of the men and resented what at first seemed an affront to their dignity. It is a recognized policy in General Motors that foremen shall have authority over the men in their gangs. A foreman is held responsible for hiring and firing in order to get out a proper quantity and quality of output. One man who had been fired asked for reinstatement:

"I'll not give you back your job," said the foreman. "You didn't grease your machine. You're fired and you'll stay fired."

"Is that so?" was the snappy retort. "I'll go to the works council."

The workman proved to the satisfaction of the works council that he had not greased his machine because there was no grease. Not only that; he showed that there was no grease can on the job and that he had asked for grease four times and had been turned down.

Immediately, the council submitted the evidence to the management with a request that the workman be reinstated. The management re-



Each General Motors foreman has authority over the men in his group and schools for foremen are part of the training which qualifies them for this responsibility

viewed the case and the workman was reinstated as requested.

It is frankly admitted that the weakest spot in the plan is the fact that there is as yet a gap between the workers and the men they have elected to represent them in some of the works councils. This may be ascribed in part at least to the fact that the members of the councils are hard at work all day, and the only time they have to meet their constituents is at noon or after hours. A tired man often does not want to talk shop, yet many of the councilmen use their own gasoline driving about at night to visit the men they represent.

The activities of the organizations are broadening, too. They have taken over a part of the welfare work, are giving entertainments and dances, and one council is preparing to open a downtown club house where the men and women may meet at night and have a good time. In the past summer, too, councils successfully directed several excursions to the World's Fair at Chicago.

Dealing with management remains their most important function, however. A typical report was that made by the AC Spark Plug Co. Employees' Association to its members, covering the period from September, 1933, to March, 1934. In part it states that:

A total of 148 requests were made to the AC management, dealing with employment, working conditions, wages, hours of employment, accident prevention and other vital subjects. The great majority were accepted by the AC management and all were handled in a mutually satisfactory manner. Major accomplishments obtained consisted of wage increases and improved working conditions.

Each request was then stated and the manner of disposition set out. The bonus rate was revised upward and the method of figuring so simplified that "each employee can know his earnings as soon as he learns the rate of efficiency credited to the group in which he works."

The washrooms were improved at a considerable cost to the company.

Rubber gloves and aprons were provided for employees in a certain department; lights were changed; tracks were cemented down to make trucking easier; "blankers" were given "credit for the scrap made in the secondary operation," a credit to which they had long believed themselves entitled; shop equipment was

altered, moved, or improved; ventilating systems were installed, wage rates were equalized between men working in the same department; lockers were provided where street clothes could be stored safely; the parking space was policed, heating arrangements improved, and the janitors given metal containers for waste.

Request No. 20: Department 45 suggests that instead of cutting down hours on old men that the new men be laid off.



Laurence Goodrick, a punch press operator, is chairman of the council of the AC spark plug plant

This has been taken up with Mr. Proctor and he will see that fairness is shown.

Request No. 23: Group 42-3-3 wish that the management would make an investigation regarding the unfairness of working hours and wages in their group. This has been taken up with Messrs. Brewer and Proctor and they will see that some method is worked out to give proper distribution of hours.

Request No. 27: Take care of the steam from the washer as it bothers the workers considerably. Steam has been taken care of.

Request No. 74: Alma McCracken would like a shade to the window in front of where she works. Shade has been provided.

Request No. 78: Departments 44 and 43 would appreciate an increase in wages. Due to the fact that the code limits them to 40 hours a week, they feel that their present wages are too low. Rates in these departments relative to numerous other departments through the plant. Cannot see any recommendation for increase at present unless upon individual's merits.

A study of the reports made by the works councils in the various plants operated by the corporation shows that four out of five of the requests approved by the councils are settled on the spot by the management. If the disposition is unsatisfactory the councils have the right of appeal all

the way up to the president of the corporation or to the Automobile Labor Board.

"I want to kick about the ham in the ham sandwiches served at the cafeteria," said a complaint before the works council in one of the plants.

"For Pete's sake," a councilman barked at him. "We come here to talk about serious things and you beef about your sandwich—"

"Listen, guy," said the workman. "When a fellow's hungry there's nothing more important than the ham in his ham sandwich."

The works councils have adopted the rule that every complainant shall be heard. This complainant was permitted to send out to the cafeteria and with his own dime buy a run-of-the-mine sandwich. Then he took it to the bench, the councilmen following at his heels, and with the micrometer demonstrated that the ham in that sandwich was just three-one-thousandths of an inch thick.

"There's got to be more ham in the sandwiches," was the decision of the works council.

The management was notified to this effect; the concessionaire who had been selling shadow sandwiches was thrown out. In another plant, the works council heard that hair had

been found in the cafeteria butter. The man who ran the cafeteria was sent for:

"Clean up," ordered the council, "and we mean clean up. Or else—"

I will admit that all this is a record of petty, inconsiderable, unpleasant transactions which were only important to a few hundred workmen. But I maintain that nothing more significant has been told in all of the numerous institutes where pundits have addressed each other on the labor problem. It is an evidence that the wage earners in one of the greatest labor employing corporations in the world have not only been given a voice on conditions they encounter in their daily work, but that the voice is being heard.

I know nothing at first hand of the conditions which brought about the textile strike, but I am convinced that, if the textile workers had had the same relation to textile management that exists in the General Motors' plants today, that strike would not have occurred.

"My old man ran a big blacksmith shop," said one man. "He worked 20

(Continued on page 56)

Swapping Self-Reliance for Dollars

By GARLAND R. FARMER

Editor, Henderson "Times," Henderson, Texas

A MAN who has viewed our present relief system at first hand as a member of his local relief board sounds a warning based, not on theories, but on actual experiences in the system's working

THE theory of a great government reaching down into its hypothetical right pocket and paying out billions of dollars to give work to the unemployed, even if the jobs must be made for the occasion, is a beautiful thought.

If this money went only to those in dire need, which was the original intention, it would be a fine practice; but having been out on the firing line as county chairman of a board direct-

ing this employment and relief I have found how impossible it is to get the real truth in every case.

Take any typical American city or community. Usually a certain number of citizens actually need help. The city or community, instead of taking care of them, knows relief money is flowing freely. So overzealous citizens in power paint the picture as badly as possible to get as much federal money as the story will pull.

The home town chamber of commerce and newspapers then boast about how much money they have been able to obtain.

Not only do the real needy crowd in for relief, but thousands of borderline cases appear with great anticipation and pitiful pleas.

They took care of themselves in the past when there were no federal relief funds, but now, knowing that many millions of dollars are to be spent, they suddenly decide they can no longer do so. They are willing to trade their self-reliance, and often their self-respect and honesty, for a few government dollars.

That is the danger which I can see out here living among the people I love.

I am a loyal supporter of our President and his wonderful program to



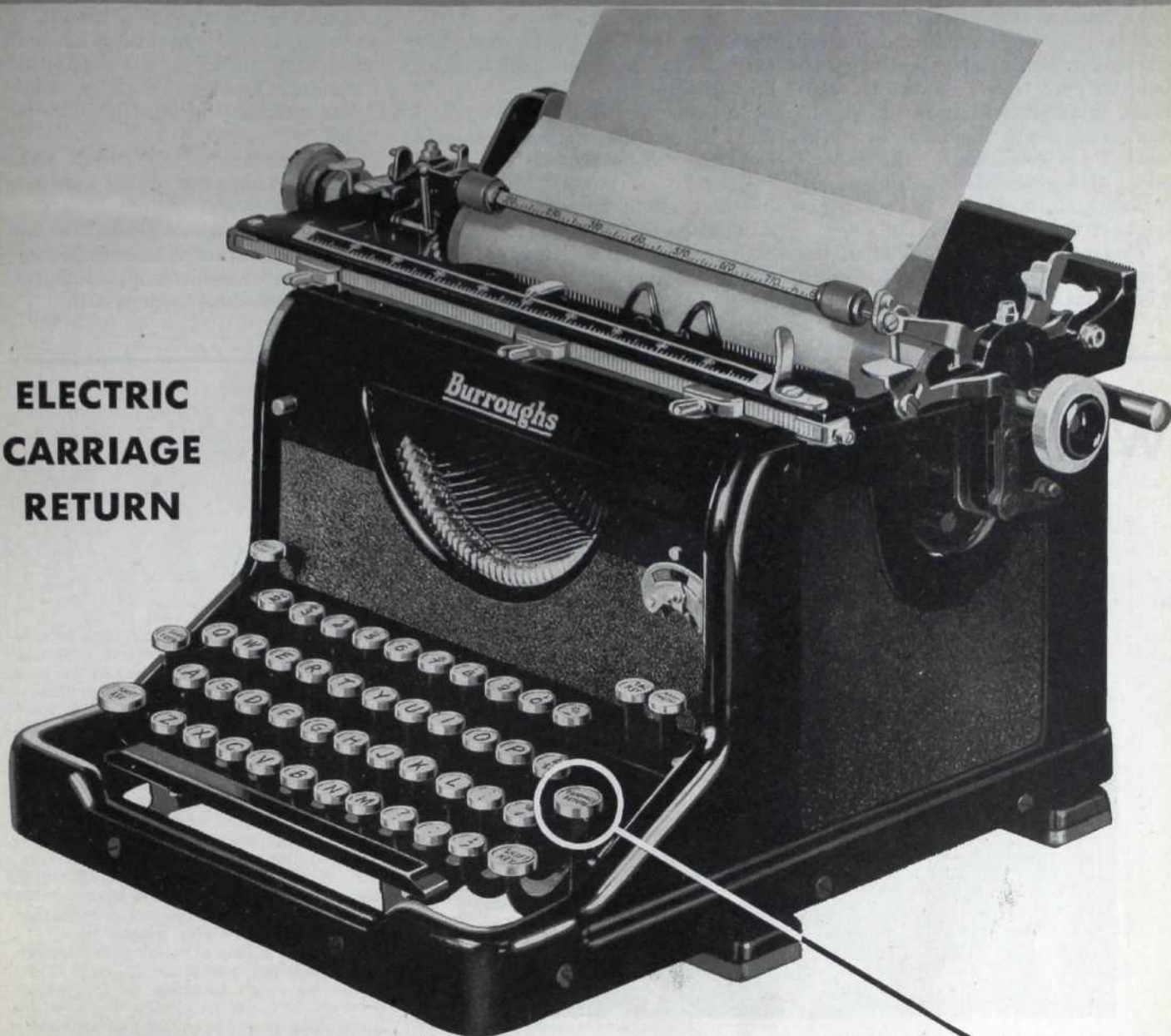
CHARLES DUNN

The leaders of our communities encourage them to accept relief by gouging every possible dollar from the seemingly inexhaustible pocket-book of the Government

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No longer need the operator's hand leave touch position to return the carriage. The "Carriage Return Key" on Burroughs Electric Carriage Typewriter instantly returns the carriage to the starting point or to any pre-determined intermediate point, and the paper spaces up automatically. This makes touch typing complete. Shifting for capitals is also electric. Size, shape and keytouch are like other Burroughs Standard Typewriters. Write for free, descriptive booklet.

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lead the nation back to normalcy, but I can see what we are doing to the character of our citizens when we teach them to be dependent on our Government.

Where is the fighting spirit and resourcefulness of the individual of yesterday?

Today, as I see hundreds of my fellow citizens drive into our county seat in their cars, wasting day after day and gallon after gallon of gasoline, waiting to get on the Government's made-relief pay roll to go out and clear roads that will never be used, I am reminded of the experiences of my next-door neighbor, my father and thousands of other patriots of the past generation.

This patriarch, at the end of the Civil War, found himself in a much worse financial condition than any

man I know on the federal pay roll, but he did not go to the Government pleading for financial assistance.

Even had he done so, the Government had not conceived the idea of being a Santa Claus, and this man had no thought except to meet the situation himself.

He improvised a crude plow but had no horse and no money with which to buy one. He learned, however, that his father had a young bull.

So the young bull was brought in from the pasture, harness was made for him, and he proved fairly satisfactory "horse power" for the making of a small crop which was the foundation of an excellent estate.

Contrast that with today.

The young couple now getting married want complete furnishings for

the whole house, overstuffed and expensive. Too, they can hardly see how they can get along without a car.

Even their parents have grown willing to throw themselves upon the Government, community chest or other charitable organization, rather than part with their automobile and other luxuries.

And we, the supposed leaders of our respective communities, not only allow them to do so, but apparently encourage them by gouging every dollar possible out of the Government.

As chairman of the press committee and member of the publicity committee I was among the thousands of people who attended the last annual convention of one of the largest regional chambers of commerce.

(Continued on page 60)

When Business Goes on Strike



FOR NATION'S BUSINESS BY HAMMER

John A. Hartford, left, president of A & P appears with his attorney, Joseph C. Hostetler, at the start of the conference called by NLRB

NO MORE startling action was ever taken by an employer than by the A & P when, in answer to a strike, it promptly shut down its hundreds of stores in Cleveland. The A & P is certainly one of the best known business institutions in the United States—its 15,000 red fronts face us everywhere; it is equally one of the least known, because its stock is closely held and its management is not given to self-exploitation.

Many of its customers do not know that its real name is The Great Atlantic & Pacific Tea Company. In the New York telephone book you can find it under "A & P Tea Co see Great Atlantic & Pacific Tea Co." In the Washington book one finds "Great Atlantic & Pacific Tea Co (For other listings see Atlantic & Pacific Tea Co)."

Nor do most folk know the dominating

figures of the company, George L. and John A. Hartford. Their recording in "Who's Who" is typical of the men and of the company:

Hartford, George L.; chmn. bd. of dirs. Great Atlantic & Pacific Tea Co. Address: 420 Lexington Av., New York, N.Y.

Hartford, John A.; pres. Great Atlantic & Pacific Tea Co. Address: 420 Lexington Av., New York, N.Y.

To the executives of the company they are known as "Mr. John" and "Mr. George."

Their father started the business in Vesey Street in 1859 on the lower West side of Manhattan. Now it operates in 35 states and in two Canadian provinces. Its net income in the year ended February 28, 1931, was thirty millions and in

the year ended February 28, 1934, twenty millions. It pays from three to four millions in federal taxes and has in the past few years increased its holdings of government securities from four to forty millions. If you want to know what its stock sells for look in the Curb list (under G for "Great" and not A for "Atlantic"). Its non-voting common stock sold as high as 150 and as low as 122 in the first eight months of this year; its preferred hangs around 125.

The strike was settled to the satisfaction of the Company. It was the last thing the strikers expected—that a strike should be met by the closing of hundreds of stores. It was strike meet strike.

There are plenty of employers who are almost at the point of striking if by strike we mean quitting work because they are in doubt as to how worth while their work is under present conditions—either in money return or in the feeling of satisfaction over a good job well done. Not once but a dozen times lately visitors to this office have said:

"Why do I keep on working? I'm chased from pillar to post. I'm hounded by government, called upon to live up to new rules of which I've sometimes never heard. If I want to buy my raw material from a different dealer I find that the man I want to buy from can't sell me because he's already up to his allotment. I'm told by government what wages to pay and what hours my men may work. My wages and my hours are not in the picture. I've worked half the night for weeks but no minimum is set for me. What's the use?"

We've had general strikes of workers in cities and even in nations. Suppose we had a general strike of business. Suppose the steel makers and the sellers of shoes should say, "We're going to quit until we are assured of a reasonable income and shorter hours."



ACROSS HIS DESK flows the news of the world: Ray Baker of International News Service. Telegraph wires . . . cables from foreign countries . . . flash 100,000 words a day to Baker . . . to be quickly judged and edited.

TIRED OUT?

**GET A LIFT
WITH A CAMEL**



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PERSONAL EXPERIENCES THAT POINT THE WAY TO INCREASED ENERGY!

Newspaper man—hockey star—business woman—wherever smokers are placed in life, they notice a positive energy-refreshing effect from smoking Camels when they are tired or "out of sorts."

As Ray Baker says regarding his own experience: "The man on the INS news desk has a high-pressure job.

"Whenever I feel 'all in' Camels bring back my pep, and I can tackle

the next story with renewed energy! For over ten years I've preferred Camels. They have a rich, distinctive flavor that just suits me. And I can smoke Camels continually without jangled nerves."

Science confirms the experience of smokers regarding Camel's "energizing effect." You can smoke them freely since Camel's matchless blend of costlier tobaccos never upsets the nerves!

LEAF TOBACCO EXPERTS AGREE:

"Camels are made from finer, More Expensive Tobaccos—Turkish and Domestic—than any other popular brand."



HOCKEY STAR. "Bill" Cook says: "I smoke only Camels. Their taste sure hits the spot! I smoke a lot and I find that Camels never get on my nerves or tire my taste."



BUSINESS GIRL. Eve L. Miller says: "I started to smoke Camels because I appreciate mildness and delicacy of flavor, and Camels give me a 'lift' when my energy is low."

Camel's costlier Tobaccos never get on your Nerves!

34

Splendid Dignity

★ ★ ★ ★ ★ ★

THAT

WILL NOT AGE



★ ★ ALCOA



● The crowds that throng these new escalators in the Marshall Field Store, Chicago, see beauty in the flowing lines, splendid richness in the sparkling surfaces of the Alcoa Aluminum facings and trim.

What the crowd does not see, is that this installation is a cogent reason for using Alcoa Aluminum in many parts of air conditioning equipment, for instance.


If that seems far-fetched, consider corrosion. These escalator facings are exposed to moisture-laden atmosphere. Because they are Alcoa Aluminum they cannot rust. Treated by the famous Alumilite process they will not smudge, stain, or tarnish.

The food-processor, the meat-packer, the milk-producer, the brewer, and all who make equipment for them, are using more and more Alcoa Aluminum because it is not attacked by their products or processes, and because it does not affect their purity, taste, or quality.

Major processes in the chemical industries

depend on the unique inertness of Alcoa Aluminum to many chemicals in achieving superior quality, and in getting a long and trouble-free life from their equipment.

Fabrication technique was an important factor in this installation. Easy to form, Alcoa Aluminum welds beautifully, assembles economically. When you design in Alcoa Aluminum you have no limitations of form or shape. You can get metal-saving shapes in Alcoa Aluminum that are impossible in any other metal. It is this extraordinary versatility, coupled with LIGHT WEIGHT, that is causing Alcoa Aluminum to make new manufacturing and production economics.

Frank curiosity, by men who wanted to make their product or their equipment better, has opened the door to many Alcoa Aluminum achievements. We hope you are inquisitive, too. Perhaps the friendly cooperation of our engineers will be of real help. Address ALUMINUM COMPANY OF AMERICA, 1825 Gulf Building, Pittsburgh, Pa. 

ALUMINUM

With a wedding veil TALBOT made the *first halftone* in 1852

HAD brides not worn tulle veils 75 years ago, there might be no newspaper pictures, no magazine illustrations, no modern advertising today. For it was with a wedding veil that the English scientist, Fox Talbot, made the first etching which would reproduce tones.

Talbot found that by imprinting the mesh of such a veil on a sensitized copper plate and then photographing on this plate, the developed image would be broken up into a composition of dots. When etched with acid, these dots acted like the cross hatchings engravers gouged into the surfaces of their plates: when inked and impressed on paper, they reprinted as shadows and high-lights.

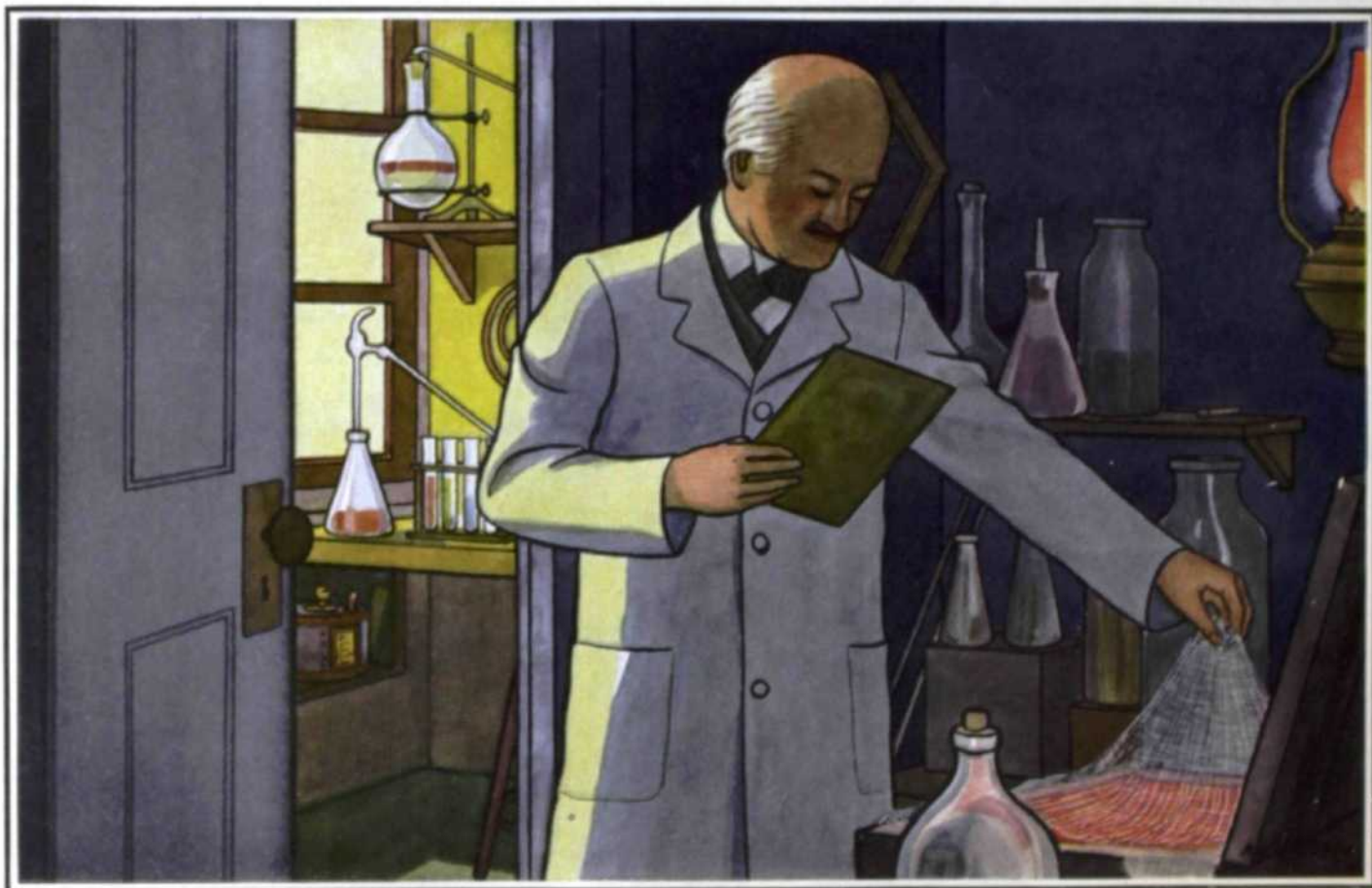
Crude as were the engravings resulting from Talbot's first attempts, they served to guide future investigators and with the practical improvements added by the English Sir Joseph Swan, the German Meisenbach, the Americans Horgan, Levy, and Ives, Talbot's discovery came to rank with the inventions of movable type,

machine made paper, and high speed presses as one of the prime movers in making fine printing possible at low cost.

Today the significance of Talbot's discovery in printing is echoed in the development of Kleerfect, the perfect printing paper. For Kleerfect is our time's contribution towards reducing the cost of fine printing.

In Kleerfect special processing eliminates, for all practical purposes, two-sidedness of surface and color and makes possible printing of uniformly high quality on both sides. Kleerfect has strength and high opacity. It possesses a neutral, non-glaring color that is easy on the eyes; gives proper contrast with the greatest number of printing inks and types of illustrations; and permits the true, maximum reproductive power of one to four colors.

To see samples of the work made possible by this perfect printing paper, to learn the economy of its cost, and the name of the merchant nearest you who stocks Kleerfect, please write our advertising department in Chicago.



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Canada Tries Railroading

By J. LAMBERT PAYNE

Former Comptroller of Statistics, Canadian Department of Railways and Canals

WITH new transportation legislation assured at the next session of Congress, Canada's experience with nationalized railways is interesting and instructive. It apparently shows a course to avoid

WHAT has been the experience of Canada in the matter of railway nationalization? The answer to that question should be of some concern to the people of the United States, since the public ownership of transportation by rail seems to be more or less definitely before them. Fifteen years ago 55 per cent of all railway mileage within the Dominion was brought under that policy, and what I propose to do here is to state the results. It will not be necessary to offer either comment or opinions of my own.

Canada did not, however, adopt the policy of public ownership in respect of 22,000 miles of railway with the approval of her citizens. No referendum was taken. Public judgment was not in any way consulted in 1919, nor does anyone know what it may be at present. The great war was on when The Canadian Northern Railway and the Grand Trunk Pacific Railway collapsed in 1916. Both were of transcontinental proportions, although the former began as a purely local enterprise. It may help to a clear understanding of the present situation to summarize the reasons why these two systems came into existence, since the facts in that regard have a good deal to do with what followed.

Sponsored by government

THE Canadian Northern had a rather insignificant start in 1894, while the Grand Trunk Pacific took on life in 1903 as a distinctly transcontinental project. It was a period of hectic optimism, out of which grew the general belief that the pivot of national destiny was transportation facilities, especially in the wheat-growing provinces of the West. It was argued that more miles of railway would mean more population, and more population would mean a proportionate growth of wealth. Back of these assumptions was the universal conviction that the prairie provinces could never produce too much wheat. Both enterprises were financed almost wholly by federal and provincial guarantees, especially as the Canadian Northern extended its field of operations. They were really political roads; and when they broke down in 1916 they gasped out the breath of life on the doorstep of their chief sponsor, the Dominion Government.

From the start, these two ambitious railway systems were doomed to failure because of inherent economic unsoundness. They were built to compete with each other, and also with the firmly established Canadian



Germany provides an example of odd uses for Government railroads. These and other locomotives carried Hitler's commands to the people in the recent election. The top one says, "Vote Yes," the other, "Yes, Only Hitler, Leader of the State."



WIDE WORLD PHOTOS

Pacific. A royal commission solemnly declared later that there was available profitable business for but one transcontinental system.

This cursory background needs but little amplification. With two transcontinental systems on its hands, the Dominion was definitely in the railway business. Then, by expropriation proceedings, the pioneer Grand Trunk was absorbed and linked up with the old government-owned Intercolonial in the Maritime Provinces. The new Canadian National Railway thus created started out with lofty hopes of enriching the federal treasury with the profits which it was assumed would accrue from public ownership. The people at large, immersed in reconstruction work after the war, were passive onlookers. A critical and calculating few were frankly apprehensive; but the vast majority gave no sign. Optimism was still rampant, on one hand, and indifference to the doings of government on the other.

All human enterprises must, in the ultimate reckoning, be appraised by the cold gauge of results. Beginning our examination with the capital structure, which is

always fundamental, we find that in 1920 the liabilities of the Canadian National were \$1,179,600,278. This included considerable borrowing during the organization and consolidation period. By the end of 1933 the total had swollen to \$2,745,861,841, or by \$1,566,261,563. The vital aspect of this tremendous growth of liabilities will be missed unless the truth is grasped as to why more than a hundred million dollars a year was added to debt. That truth is that expected profits did not materialize. Instead, there were heavy losses. The official records show that between 1920 and the end of 1933 the net income deficits were as follows:—

1920	\$71,909,923
1921	70,999,150
1922	59,525,030
1923	49,867,098
1924	54,860,419
1925	41,387,158
1926	29,894,073
1927	37,637,722
1928	29,868,437
1929	46,099,250
1930	75,227,504
1931	99,275,680
1932	101,335,074
1933	96,051,854
Total	\$863,938,372

A significant aspect of this statement is that, while liability was increased by \$863,938,372 in the course of this relatively short period, assets were not thereby swollen at all. I do not, however, propose to dwell on that feature. My purpose is served by emphasizing the fact that a rolling snowball of debt has been set in motion, and that, mathematically, this cumulative burden must eventually exhaust the resources of the country. Borrowing to pay for previous borrowings can have but one end. In this case all liabilities of the railway are guaranteed by government, so that the people of Canada are the actual debtors.

A variety of causes combined to bring about the losses of the Canadian National Railway; yet they would all be comprehended within the obvious truth that in this instance the political mind was operating in the economic field. Although I am here writing with a considerable training in railway economics to guide me, I shall not offer a single personal opinion. In 1932 Parliament appointed a royal commission to look into the railway problem and enlighten the Canadian people as to

what was wrong and why. I select from its findings the following illuminating paragraphs:—

146—Of direct political interference by ministers and members of Parliament in the detail operations of the railway, we were assured by the officials there was little or none. It was in the larger sphere of policy that political considerations led to unwise and unnecessary capital expenditures, the result of which was to create an atmosphere in which the ordinary principles of commercial operations were lost sight of.

154—When considering the scale upon which branch line extensions and acquisitions, as well as hotel expenditures, were made, and railway and steamship services duplicated, it is impossible to avoid the conclusion that the Board of Directors and the management of the Canadian National Railway were amenable to political influence and pressure, which it would have been in the public interest to have withstood.

33—Running through its administrative practices has been the red thread of extravagance. The disciplinary check upon undue expenditure, inherent in private corporations because of their limited financial resources, has not been in evidence. Requisitions of the management have been endorsed by governments, and successive parliaments have voted money freely, if not lavishly.

34—Within the railway organization there have been freedom in expenditure and encouragement in plans for expansion and extension of services which were inconsistent with prudent administrative practice. The administration failed to realize that this country, with the greatest railway mileage in the world in relation to population, could not afford further capital and maintenance expenditures for unwarranted

branch lines, for de luxe services, for unrequired hotels, for the building of ships in competitive service to be shortly abandoned; and, generally, for costly adventures in competitive railways out of proportion to the needs of the country.

It is obvious that the Commissioners, one of whom was the Chief Justice of the Supreme Court of Canada, leaned backward in their desire to avoid strong adjectives; yet it will be observed that the English language is not capable of expressing condemnation in more positive or comprehensive terms. Each of the quoted paragraphs will bear a second reading; and when that has been done a revealing depth of meaning will be brought to light.

"Pork barrel"

CONFIRMATION of these judicial findings has come from a high official quarter. Speaking in the House of Commons on February 13 last, Hon. R. J. Manion, Minister of Railways, said:—

When we come up to a more recent date, to 1929, a pre-election year, and learn that the right honorable gentleman and his party either permitted or forced the late management (Continued on page 59)

Exploitation?

Do YOU realize that the publicly owned and privately owned railways of Canada make exactly the same charges for the same service; that in fact, in the last analysis, neither company fixes these rates? How then can anyone allege that the private ownership of a railway permits exploitation of the public more than public ownership?

Nor is this all. May I point out that the Royal Commission on Transportation reported that during the nine years, 1923-1931, the Canadian National Railways failed by no less than \$456,063,195 to earn the interest which the Government of Canada was bound to pay to private capitalists who owned the securities of that system. Whence came this sum? You paid as much for the service of that railway system as you would if it had been privately owned and you paid in taxes almost half a billion dollars for the privilege of saying that you owned the Canadian National Railways.

In those nine years the private capitalists who owned the Canadian Pacific Railway received in interest and dividends \$401,080,152. In this case, however, I wish to point out that this amount did not come from taxation in addition to your payment for service. It was saved by the owners of the private railway from the money which they received from you for the transportation of persons and commodities.

If this is exploitation by private capital as contrasted with protection for the public by public ownership, I do not understand the English language.

From an address by E. W. BEATTY, K. C., LL. D.
Chairman and President of the
Canadian Pacific Railway

Picture a Life Insurance Program built especially for you



The foundation of happy home life is a sense of security in its permanence. When you know that your loved ones can continue to be together no matter

what happens to you, your anxiety as to the possibility of their being forced to separate or move into strange and uncomfortable surroundings will vanish. You can arrange to have money provided to pay bills and to cover household expenses for at least a limited period. With the first great step taken to protect your family, you plan further ahead.



When you look at your small boys and girls you wonder what they will be like as they grow older. But one thing you can make sure—they can have an education which will help them to make their way in the world and to have a better appreciation of many of the finer things in life. Your Life Insurance Program can provide a fund, if needed, for the schooling of your children. Many a father has found happiness in the assurance that his children will be well equipped, well educated.

In building this kind of a Program your first thought has been for others. You have a deep satisfaction in knowing that they will be safe—come what may. But now look still further ahead. The chances are that you will live to an age when you will want to retire and have an income of your own. You will be glad to join the steadily increasing number of those men and women whose financial future has been safeguarded through such a Program. Will you plan to have the same kind of security for yourself?



Sometime you may want to see new places or re-visit those which hold pleasant memories for you. Or you may have other ideas of your own as to ways in which you might like to enjoy your leisure. You will want to be able to do these things when you retire.

If this message shows the obvious advantages of building a Life Insurance Program which will produce definitely fixed amounts at the time or times they will be needed, it will have accomplished its purpose.

Consider a Program of Life Insurance specially made to meet your individual desires and ambitions. A Metropolitan Field-Man may be able to help you arrange, in the order of their importance, the logical steps toward accomplishing your purposes. Send for him or mail this coupon.

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The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.



Metropolitan Life Insurance Co. (N)
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Address

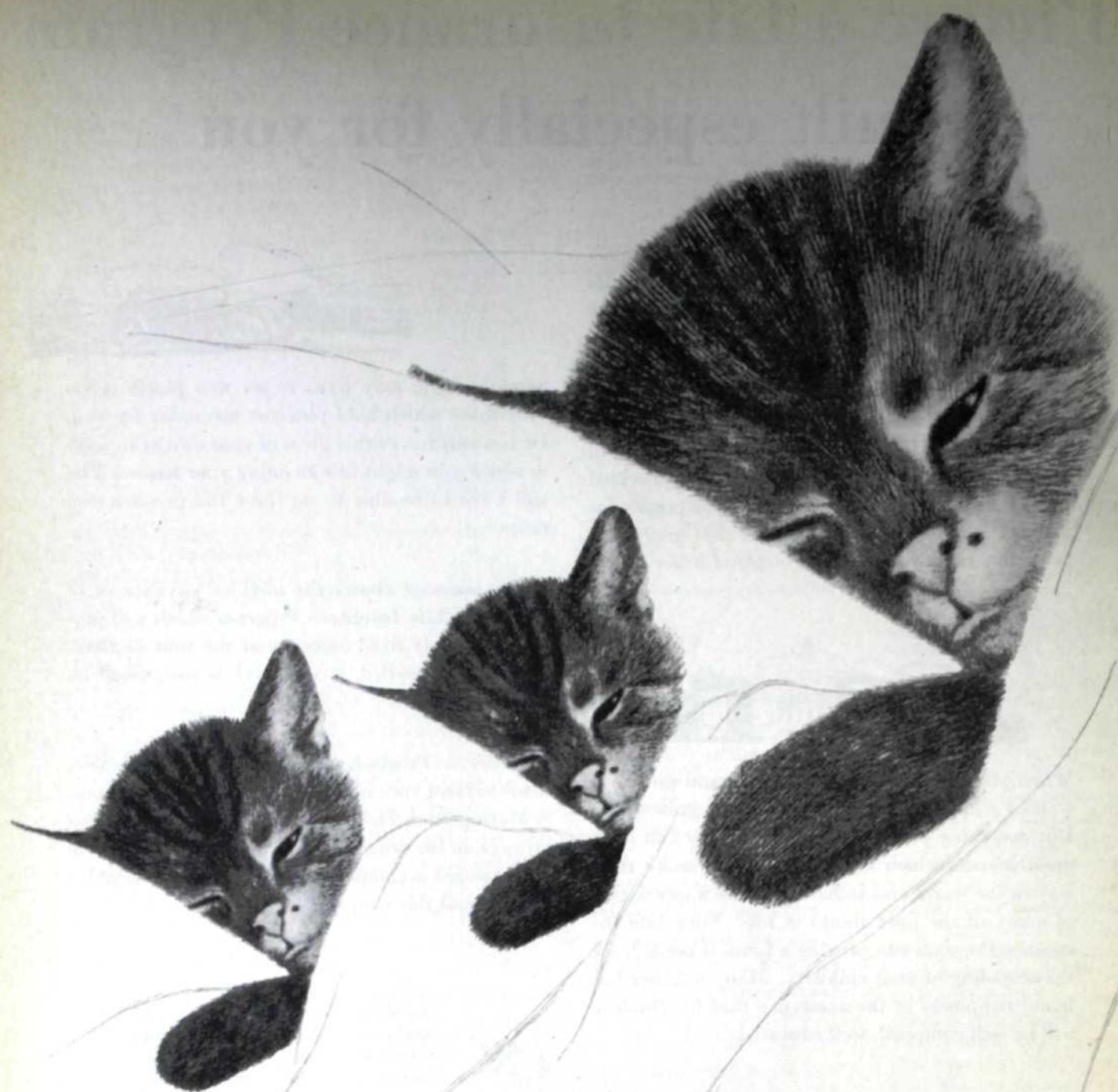
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METROPOLITAN LIFE INSURANCE COMPANY

Frederick H. Ecker, President

One Madison Avenue, New York, N. Y.

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UTTERPOLITAN LIFE INSURANCE COMPANY

Acknowledgments to
"CHESSIE"
the Chesapeake and Ohio kitten

A year ago we found you, a lonely little kitten looking for a home. You found one, and we found a friend. ~ ~ When we published your picture, a lot of folks said: "Who ever heard of using a gol darned cat to advertise a railroad!" ~ ~ But you told 'em, Chessie! Kids wouldn't go to bed unless you were near. Families called on us to settle dinner table arguments over whether that was your tail or your paw on the pillow. Overnight, you became The Kitten of the Hour. ~ ~ But more than that, Chessie, you suggested as no array of high-pressure language could do, the supreme comfort of Chesapeake and Ohio's genuinely air-conditioned trains. The sight of you, on The George Washington, snuggled drowsily down for the night under the soft, clean, cool linen made travelers want to come and try it. And they still are coming, and bringing their friends with them. ~ ~ And for all of that, Chessie, we're grateful. And so are the legions who *Sleep Like a Kitten*. ~ ~ We're going to use your picture, with the two little Chessies, on our 1935 calendar, knowing full well there won't be enough to go 'round.

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No Business Can Escape Change

New products not only intensify intra-industry competition; as often as not they widen interindustry conflict

A new, eight-cylinder compressor for air-conditioning and refrigeration has no piston rings, pins, connecting rods, crankshaft, gears, stuffing boxes, valves. Noise, vibration are said to be practically eliminated, size and weight reduced. . . .

A recently developed, electrically controlled water softener is said to be fully automatic, reconditioning itself and requiring only occasional additions of salt to the brine tank. . . .

Hung from basement rafters and with outlet grill to the floor above, a new self-contained, gas-operated humidifier unit simultaneously cleans, warms, circulates air. . . .

A new combination machine for working wood and the softer metals in the home workshop saws, sands, drills, turns, grinds, buffs, etc. Through a novel clamping arrangement, attachments are quickly changed. Floor space: 18 x 38 inches. . . .

Self-contained, compact, a new 16 mm. "sound-on-film" camera is offered for home use. It records the voice of either operator or subjects. A new projector accompanies it. . . .

Another new movie camera and projector are combined in one instrument which also houses electric batteries, the latter supplying power for taking, light for projecting, pictures. . . .

A novel electric iron carries its own stand nestled in its sides. Press a button on the handle and the stand swings down beneath; lift the iron and the stand springs back. . . .

A new, aluminum-base alloy is utilized in a new line of gift wares—trays, candy dishes, vases, etc. It's described as light, hard, non-tarnishing, having the luster of old silver. . . .

An attachable electric stove lamp is now offered for gas, electric ranges. It is easily affixed, without drilling. . . .

A recently developed kalsomine is said to be self-sizing, a single coat sufficing to produce a smooth, hard, non-rubbing finish which is washable with soap and water. . . .

Hard rubber of very light weight is said to be produced by a new, economical process. New uses for such rubber are envisioned; a hard-rubber toilet seat's already being made. . . .

Cotton, silk or rayon thread with a steel or copper core (.0002 inch thick) which can be woven on present textile machines has been developed. The finished fabric closely resembles ordinary fabric, is said to be resistant to wear, stretching, shrinkage, can be electrically heated. . . .

A new type of wire insulation, derived from latex, is said to set new standards for flexibility, tensile and dielectric strength, resistance to compression. Permitting thinner walls, it is expected to reduce weight and bulk of finished conductors. . . .

Transparent cellulose is used in another new, space-saving insulation (for magnet wire). Bonded to the wire, it is sealed with a baked lacquer finish to protect against solvents. . . .

High strength, traction, corrosion resistance is claimed for a new rubber-covered wire rope, in which wire and rubber are bonded. Uses: sewing-machine belts, whistle cords, etc. . . .

Known as boron carbide, a new material is described as the hardest yet produced by man, unaffected by acids or alkali. It may be used as an abrasive, for sandblast nozzles, wire-making dies, extruding dies, bearings, etc. . . .

New grinding wheels made from crushed diamonds, bonded, have been developed for shaping and conditioning cemented carbides, other hard materials. . . .



Handling of deposited checks is said to be vastly speeded by a new proof machine for banks. It automatically sorts, lists, counts and totals checks, verifies deposit slips

Single-tube pneumatic tires are now offered for wheelbarrows which are to be used on roofing jobs or on soft ground. . . .

The "hand-fit" handle of a new hammer is surfaced with a material said to give a soft, non-slip, moisture-proof grip. . . .

Through a new armor-plate development, one firm is now armoring passenger cars to resist even rifle fire. Appearance and driving qualities of the cars are said to be unaltered. . . .

The ancient shield is modernized in a new, folding, armor-plate shield, provided with gun-port, glassed peep-hole and shoulder strap, and said to be proof against revolver fire. . . .

Said to be the only one of its kind in the country, a new stainless steel, electrically welded brew kettle is in use by a Wisconsin brewery. Copper has been used heretofore. . . .

Many classes of rock drilling are said to be speeded by a new, lightweight, mobile rig. Readily moved, it is described as applicable to any job where a hand drill can be used. . . .

A new, portable electric blower also can be used to vacuum-clean machinery, etc., and to spray any liquid or powder. . . .

Compact, electrically operated, a new desk adding machine permits addition of two classes of related figures (such as old and new balances, cost and selling price) at one run and obtaining independent listings and totals of each. . . .

Described as flexible, thermoplastic, waterproof, capable of being stretched, twisted, a new material is offered for wrapping floral wreaths and corsages, certain other wrapping and packaging purposes. It's available in many colors, patterns. . . .

For anglers: A new "form-fit" creel with concave back which snugles to side and hip; a new hone of special shape for sharpening fish hooks of all kinds, sizes. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

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WATCHMEN'S CLOCKS

NEWMAN * ECO * ALERT * PATROL

The Other Side of TVA

(Continued from page 26)

furnish power at whatever price it chooses. It can crush out competitors and destroy millions of dollars of private capital. It can sell electricity below cost or even give it away, ruining not only the electric but the gas companies in that area. This it is now threatening to do."

More "shotgunning"

TVA action in inducing electric appliance manufacturers to reduce appliance prices is another instance of TVA's "shotgun" tactics, critics declare. Setting up of its subsidiary, EHFA, as a Delaware corporation empowered to manufacture, merchandise and finance appliances, virtually forced manufacturers to meet TVA demands, it is asserted, or see new, government-financed factories built which would compete with them.

These critics see still another instance of the effective use of TVA's "shotgun" formula in TVA's recent negotiations with cement companies for some 6,000,000,000 barrels of cement. TVA's own publicity release tells the story:

The Authority and the cement industry did not come to full agreement, either on a fair price for cement, or on the cost of making cement at Sheffield. There was fairly complete agreement as to direct manufacturing costs, the principal differences being on such items as interest, depreciation and selling costs. The Authority was willing to pay more than it believed to be the probable cost of making cement at Sheffield and delivering it to the dam sites, rather than to construct and operate an additional plant in an already overbuilt industry. The Authority believes that the price it is willing to pay is reasonable and fair under all these circumstances. The cement manufacturers, on the other hand, rather than to have another plant built, have bid prices which they hold are less than fair prices, especially at the low rate of production now prevailing in the industry, and they have met the maximum price which the Authority was willing to pay.

The sentiment TVA here expresses about its reluctance "to construct and operate an additional plant in an already overbuilt industry," it might be added, has been more than a little puzzling to TVA critics, in view of the eagerness TVA is showing in constructing and operating additional electric plants in the already twice-overbuilt power industry.

Whatever may be said of these tactics, TVA to date has found them exceedingly successful. But from the headwaters of the Little Tennessee River comes a plaint of another TVA

maneuver. This particular story starts back in 1910, when the Aluminum Company of America, seeking adequate hydro-electric power with which to smelt aluminum, began acquiring property there. The company at that time planned ultimately to develop the stream from Chilhowee, Tenn., which is above the river's navigable portion, back to its headwaters.

This development has since proceeded, in accordance with a comprehensive plan. More than \$30,000,000 has already been spent in that area by the Aluminum Company and its subsidiaries. Twice that sum, it is said, will be required to complete the plan.

In addition to three dams already built, three more are projected—at Chilhowee, in Natahala Gorge, and in the Fontana Basin. The Natahala Power & Light Company, a subsidiary, at present owns 80 per cent of the land in Fontana Basin, and nearly all that needed for the Chilhowee and Natahala Gorge developments.

Now about six years ago some local entrepreneurs bought an acre of river front land in the Fontana Basin, and divided it into "town lots." The openly announced purpose was to secure riparian rights in the Basin, thereby forcing the power company, which had never exercised the right of eminent domain, to pay their price for the "lots." They asked \$50 a lot, or \$1,500 for the acre. The power company thought this too high. Net result, no sale.

So it stood until last August, when one of the lot owners was offered \$150 for a lot by a man who, it developed later, was a TVA agent. TVA has since completed the purchase, the price it paid, incidentally, being at the rate of \$4,356 an acre. TVA also obtained an option on 12.9 acres elsewhere in the Fontana Basin for a reported payment of \$709.

Action raises questions

RESIDENTS of the area are puzzled by these purchases. Is TVA planning to speculate on the power company's requirements? Or is it planning to block completion of the Aluminum Company development? If the latter, it is asked, what of TVA's oft-repeated declaration that it seeks to encourage local industries? Relaying these questions to TVA, the writer was told that a statement on the subject would be issued later.

The matter also raises other questions in the minds of citizens of three Carolina counties affected by the

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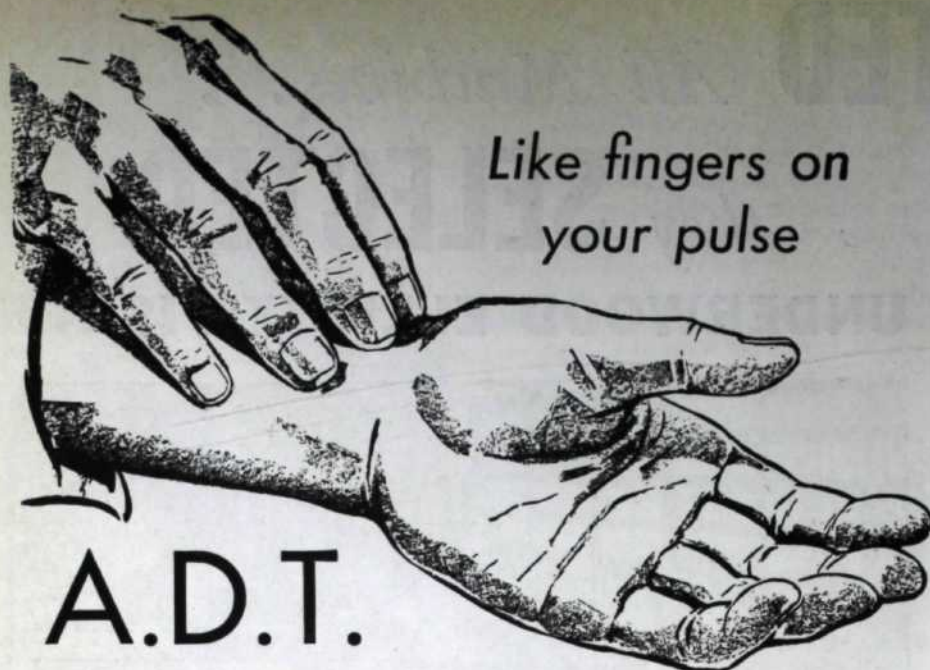
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Aluminum Company development. Some are indicated in petitions which according to the Asheville (N. C.) *Citizen* of Oct. 17, were being circulated in the region. Asking TVA to desist from further land acquisitions there, a Swain County petition, for instance, pointed out that past federal acquisition of property has already deprived that county of 57.73 per cent of its taxable area, that the Natahala Power & Light Company and its associates pay an annual tax of \$16,369 (one-sixth of the county's tax income), that completion of the company's contemplated development will increase this many fold, and that injury to the county will result from competition between TVA and the company.

The TVA threat to tax revenues which Swain County taxpayers thus protest brings up a point which, in its wider applications, experts say is statistically provable. This is that, by and large, whatever savings TVA and similar government enterprises yield to the public as a result of their "cheaper" financing, the public pays out again in increased taxes; these last made necessary because of the loss of tax revenues from displaced private utilities.

Another group objects

STILL another business objector to TVA activities is the Laundryowners National Association. Government merchandising of home-washing and ironing equipment will adversely affect their industry, this group feels. As the Association recently advised its members:

This organization was one of the first trade associations to protest the entrance of the Government into direct competition with business. We were told by officials of TVA that it was not intended to sell or finance home washing or ironing equipment. . . . Recent newspaper reports state that the sale of such equipment is now contemplated. This proposal is being vigorously protested because other projects similar to TVA are either under way or being contemplated.

The roll call of major business groups actively opposing TVA is completed by the manufactured ice industry in the Valley. Like the coal industry, the ice men's opposition is rooted in fears of a dwindling market for their product, this as a result of TVA's intensive drive in behalf of electric refrigeration. Twenty-five Alabama ice companies joined with 23 coal companies there last June in filing suits in federal court at Birmingham attacking the legality of TVA and seeking to enjoin its appliance-sale and hydro-electric construction programs. The same groups also intervened in proceedings before the Alabama Public Service Commission, where they questioned

legality of TVA ownership and operation of utility properties.

TVA officials, questioning a state utility commission's jurisdiction over their operation, declined to take formal part in these proceedings. Outcome was the Commission's approval of TVA acquisition of certain Alabama Power Company properties in northern Alabama, but also a Commission order stating that TVA, doing business as a utility in Alabama, was subject to Alabama laws and accordingly should file with the Commission a schedule of its rates and service regulation.

At this writing TVA has not complied with the Commission's order. Moreover, the Commission's approval of TVA's utility acquisitions has been overruled by a circuit judge and a rehearing has been ordered.

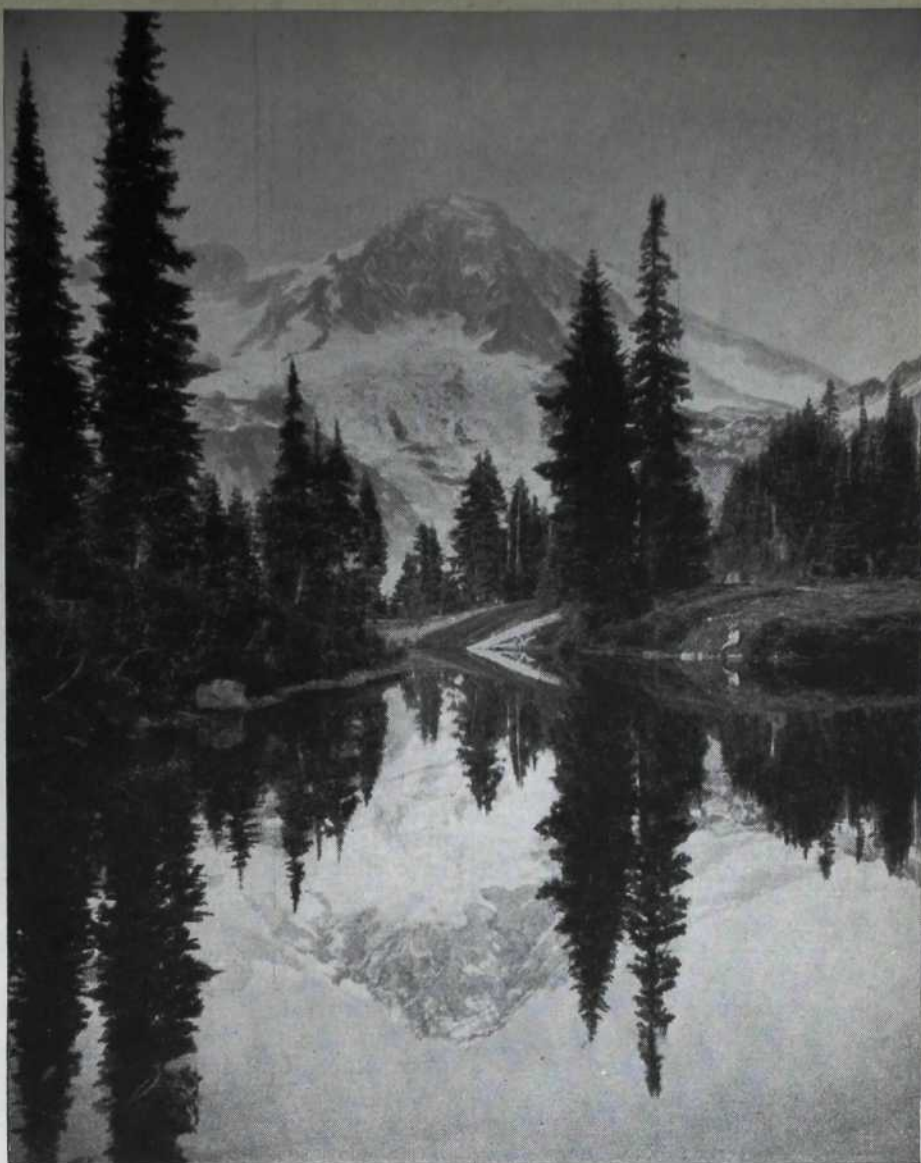
These ice and coal companies also joined in similar proceedings before the Tennessee utilities commission. Here certain preferred stockholders of the Tennessee Public Service Company had acted to halt the impending sale of the company's property to TVA.

This action also reached the courts recently, upshot being that TVA was restrained from acquiring the Tennessee Public Service Company properties pending court review of proceedings under which the utilities commission had approved the sale. Whether TVA will boost its bid for the properties or whether Knoxville will use its PWA grant to build a duplicate distributing system within the city to compete with TPS is still to be decided.

Appalachian Coals, Inc., charges that "notwithstanding these direct challenges of the legality of its operations, the Tennessee Valley Authority is vigorously attempting to perpetuate its program under 20 and 30 year contracts, so that there may be no effective retreat."

A summing up of most of the basic points made by TVA opponents is contained in a statement which the late Thomas A. Edison made back in 1929. He said:

We shall steadily require more power but a great deal more fuss is being made over hydro-electric power than its intrinsic value warrants. . . . Water power is a political issue, not a business one. . . . The monopolizing of water power is just a political idea. . . . There is far more danger in public monopoly than there is in private monopoly, for when the Government goes into business it can always shift its losses to the taxpayers. If it goes into the power business it can pretend to sell cheap power and then cover up its losses. The Government never really goes into business, for it never makes ends meet. And that is the first requisite of business. It (government) just mixes a little business with a lot of politics and no one ever gets a chance to find out what is actually going on.



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A Picture Puzzle for Business Men

(Continued from page 22)

generations, with John Stuart Mill, talked of this stationary period, which was to follow the explosion of new power. . . . This mental inertia of science lasted through the eighties before showing signs of breaking up; and nothing short of radium fairly awakened men to the fact, long since evident, that force was inexhaustible. . . . The movement from unity into multiplicity, between 1200 and 1900, was unbroken in sequence, and rapid in acceleration. Prolonged one generation longer, it would require a new social mind. . . . Thus far, since five or ten thousand years, the mind had successfully reacted, and nothing yet proved that it would fail to react—but it would need to jump.

This prophecy has been fulfilled. For 30 years from 1900 the rate of acceleration continued, but we did not develop "a new social mind," and the result is the chaos in which we find ourselves. Amplifying somewhat Mr. Adams' thesis, we may observe that bodies moving at such a rate of acceleration will be blown to pieces by the centrifugal forces which they generate unless they are strengthened, or concentrated, to resist these strains.

In business this concentration has taken place. Call it by what name you please—organization, integration or monopoly—business men have obeyed the Law of Acceleration and have done it in spite of legislation designed to prevent it. But it has not been done in our system of government or in our system of education. As a result our society and the organization of our personal lives show signs of breaking down. I suggest that business men, who have dealt successfully with acceleration in their own field, can certainly help in dealing with our present economic and governmental problems if they are given a chance.

Another major change in the way of life of the nation which has occurred since 1880 is the tendency of our people to herd themselves together in cities. This tendency is as old as history and in some cases, certainly, it has worked a nation's ruin. The great Italian historian, Ferrero, for instance, remarked in a striking passage written 20 years ago that urbanization was the cause of the decline and fall of the Roman Empire.

He noted also as an interesting fact that the United States seemed to be travelling the same road but, until very recently at least, it seems to have been the consensus of informed opinion in this country that this ten-

dency was beneficial and should be carried further.

Today the importance of the problem is apparent but unfortunately we have no reliable information from which we can draw conclusions because the Bureau of the Census appears to have been so interested in the growth of our cities that the farm population was scrambled together with the people living in small cities, towns and villages. All that we can do, therefore, is to make a reasoned guess based upon the available information and challenge others to make a better one.

For the year ending January 1, 1930, we have an estimate of the farm population, made by the Bureau of Agricultural Economics, of about 30,000,000. At that time the total population was about 120,000,000, so that the farm population alone was about a quarter of the total. In 1880 the total population was only 50,000,000 and the best estimate we can make of the farm population is between 24,000,000 and 25,000,000. From these figures we can be pretty sure that in 1880 half of our people relied upon the land for their primary means of support while in 1930 the ratio had been reduced to one-fourth.

Probably this last figure is an overestimate because even the small fraction of our population which still remained upon the land did not truly live on it. They were practically manufacturers producing one cash crop and living on canned goods bought at the village store.

Too few live on the land

TAKING the whole 50-year period, it is probably fair to say that the urban population rose from 25,000,000 to 95,000,000 while the farm population rose from 25,000,000 to 30,000,000. This, of course, is the statistical record and not the record of individuals. But it is a striking record and shows clearly the magnetic pull of the cities which was the result of the forces of acceleration just described.

It was in the cities that manufacturing was concentrated and manufacturing wages were much higher than wages or profits on the farms. In other words, the city wage-earners as a class enjoyed what was called a higher standard of living than the farm population. While it was true that to obtain this higher standard

the urban population was forced to surrender much of its freedom, the fact that the towns and cities absorbed practically the whole increase of population proves that an immense majority of the people preferred city life.

Even the European peasants who came here in great numbers deliberately chose to surrender the individual freedom of a farmer's life for the inevitable regimentation of a highly mechanized city life because of the higher money wages they could earn and the freedom that they enjoyed after working hours.

A false sense of security

THAT they should have failed to foresee the helplessness of their position in a major industrial depression was inevitable. This shift in the centre of gravity of our population had mostly taken place since the panic of 1893 and, during the generation following that depression, the nation had enjoyed a period of unexampled prosperity. Expanding industries and rising wages had given the city population a sense of security which, while illusive, was natural.

As the period drew toward its close and death reaped its harvest of older people a great majority of our whole population had never felt the iron grip of a severe industrial depression; and to make the illusion even more vivid some of those to whom they looked for guidance had developed the interesting theory of a New Era in which depressions would cease to plague us.

No one can blame the wage-earner for believing that industrial activity and industrial wages could be kept indefinitely at a high level because this illusion was accepted by all classes of society.

The forces which caused the separation of our people from the soil were clearly the work (I do not say the fault) of business men. These men, backed by their immense organized research, applied the discoveries of science to production, distribution, and locomotion so as to make the shift inevitable. Clearly, therefore, business men must share the responsibility for what took place and must be prepared to answer the vital question whether such a separation of a people from the soil does not involve us in risks which no prudent statesman would willingly take.

Pondering upon this riddle, I found light in the story of the eleventh labor of Hercules, who seems to have been the symbol of the Hellenic people for bigness in every form. This demigod, in expiation of his earthly sins, was required as one of his labors to rob the apple orchard of the Hes-

perides, which seems to have been located somewhere in Africa. Wending his way thither, the hero was unfortunate enough, merely by his size, to terrify the Pygmies, a diminutive race who had engaged Antaeus, son of Gaea, or Earth, to protect them from their enemies. Called upon by the Pygmies, Antaeus defied Hercules, and a great struggle ensued.

Fighting warily for a time to test the strength of his adversary, Hercules finally saw Antaeus begin to falter and, closing with him, pinned him to the ground. But in this position Antaeus so quickly regained his strength that he threw off the grip of Hercules. This maneuver was repeated several times, Antaeus always rising from the earth stronger than before, until Hercules finally found himself facing defeat and death at the hands of his strange antagonist.

When Hercules at last grasped the fact that his adversary, the son of Earth, was continually receiving new strength from his mother, he saw that his only hope was to cut him off from her completely. Lifted in the arms of Hercules so that he could no longer even touch the earth, the strength of Antaeus gradually ebbed away until he hung there lifeless.

Living too far from the land

NOW I put it to you, does not this myth indicate that for untold ages the experience of mankind has proved that a people long separated from Mother Earth will die?

Considering what has been going on in this country from 1880 to 1930, the implications of this ancient myth are not only striking but terrifying. Are we going to suffer the death of Antaeus strangled in the arms of Hercules—the great industrial organization which business men have created and which is lifting the nation off the soil?

Certainly we have invited such a fate, but we need not succumb to it. Any problem in the material world which the human mind can grasp the human mind can solve, but we shall not reach the best solution unless all the important groups in our country can be induced to work together. This is no time for members of these groups to stand making faces at each other as they seem disposed to do.

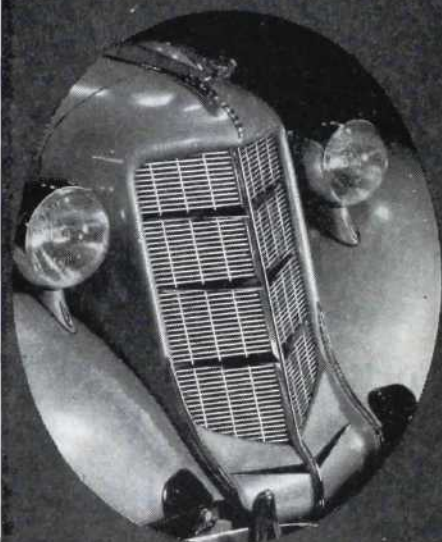
What business men must do today, if they are to retain their position in the life of the nation, is to forget their specialties and even themselves; stand away from their problem until they can see it in sound perspective, and then attack it with the hopefulness and the courage that enabled their fathers and their grandfathers to achieve so much for the benefit of the whole people.

New 1935 AUBURN Models

They Look Like

\$3000 Cars But

Sell for \$695 and up



6 CYL.
120" W. B.

8 CYL.
127" W. B.

All Prices at Factory

AUBURN AUTOMOBILE COMPANY
AUBURN, INDIANA
DIVISION OF CORD CORPORATION

◀ CASH ▶ when you need it

WHATEVER your financial position, there are times when ready cash is hard to get.

Life insurance is cash when it is needed. Policies to take care of expenses which require ready cash—the children's college tuition for example—are a good idea and save you a lot of worry.



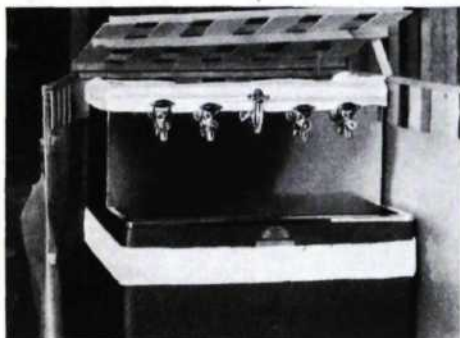
JOHN HANCOCK INQUIRY BUREAU
197 Clarendon Street, Boston, Mass.
Please send me your booklet explaining the many ways in which life insurance is cash when you need it.

Name

Street and No.

City State

N.B. 12-34



GLISTENING STEEL!

Kimpak
CREPE WADDING

protects it!

WHEN Russ Soda Fountain Company's beer coil boxes are shipped KIMPAK Crepe Wadding protects the highly polished stainless steel against scratching or marring. They reach the customer as flawless as the day they were shipped.

KIMPAK is soft, resilient, free from dirt and foreign substances. It protects finishes, minimizes breakage. It is ideal for packing liquids, for KIMPAK absorbs 16 times its weight in moisture, and conforms to Post Office regulations. It is easily applied, saves time and money in packing.

Send for 1935 Portfolio of KIMPAK. Write nearest sales office, mentioning your product. Please send request on your letterhead.



KIMBERLY-CLARK CORPORATION
NEENAH, WISCONSIN

8 South Michigan Avenue, Chicago

122 East 42nd Street
New York City

510 West Sixth Street
Los Angeles

Shifting Plans of the NRA

(Continued from page 16)

ing price cutting and of putting some control on production.

Pressure for the elimination of price and production control is strongest from the durable goods industries. Recently Ralph Flanders, president of the Jones and Lamson Company and a member of Secretary Roper's Business and Advisory Council, urged restoration of competition to hasten recovery on the ground that the price control sections of the codes were "poison and bait" and urged code revisions in order to avoid "governmental dictatorship."

Facilitating production

JOHN W. O'LEARY, of the Machinery and Allied Products Institute, made this comment on the problem:

We are clear in our own minds in the heavy industries dealing in durable goods that employment can only be continued and increased by facilitating rather than by limiting production, by facilitating rather than restricting improved machinery and methods, by avoiding reduction of hours beyond the point where it increases cost and offers sales resistance.

In the past year it was shown clearly that the reduction of hours idea would create unemployment if it were necessary to increase wages because that would mean automatic increase of the price of the goods.

As to machine limitation it has always been demonstrated that this leads to higher costs, to lessened production and that this is harmful to recovery. This has been shown by a modern industry like automobiles which, in spite of facilities to produce more cars than are sold, bought large quantities of machinery, thus reducing costs, increasing sales and providing employment.

The advocates of price and production control will admit that such measures carry obvious danger if administered in a short-sighted manner, yet they argue if administered by persons aware of that danger they may result in socially desirable accomplishments. It will be for the new NIRB to decide whether or not socially desirable ends may be attained.

There is a growing feeling, however, that, as a basic economic principle, there can be little hope of a permanent long run recovery of industry based on any general restriction of production. Increased production means increased employment and increased employment means added buying and the reduction of relief rolls. Worth recalling as guiding the policy of the board are these phrases from the President's last talk to the American people:

If the codes which have been written have been too complicated, if they have gone too far in such matters as price

fixing and limitation of production, let it be remembered that, so far as possible, consistent with the immediate public interest of this year, and the vital necessity of improving labor conditions, the representatives of trade and industry were permitted to write their ideas into the codes. . . .

There may be a serious question as to the wisdom of many of those devices to control production, or to prevent destructive price cutting which many business organizations have insisted were necessary, or whether their effect may have been to prevent that volume of production which would make possible lower prices and increased employment.

If we cannot predict the working out of policies by the new board, it may be that we may glean something of the possible attitude of these men by a survey of their backgrounds.

The Board

S. CLAY WILLIAMS, *Chairman*.

Lawyer and industrialist. President, R. J. Reynolds Tobacco Company. Formerly co-chairman for industry of the National Labor Board. Second chairman of the NRA Industry Advisory Board. Chairman, Secretary Roper's Business and Advisory Council. Opposes retail price maintenance. Hard worker and respected opponent.

SIDNEY HILLMAN, *Member*.

President, Amalgamated Clothing Workers of America. His union was out of the A. F. of L. for 19 years. Since its return a year ago Hillman has become one of the Federation's outstanding representatives. In struggling toward improvement for labor in his industry he recognized the vital importance of doing nothing to injure that industry. He recognizes his responsibility to his industry, believes in an organization of manufacturers and prefers to deal with their organization in the various clothing markets rather than with individuals. Faces the fact that, since the manufacturers control production and distribution, the more prosperous the industry the greater the potential wage fund.

ARTHUR WHITESIDE, *Member*.

President, Dun's and Bradstreet. Founder of Wool Institute. Authority in the field of credit and organization. Can change his mind when he is shown. Did so on open price reporting. Meticulous, careful, detailed organizer. Played prominent part first year of NRA.

WALTON H. HAMILTON, *Member*.

Professor, Yale Law School. Economist. Served at University of Michigan, University of Texas, Brookings Graduate School of Economics. At

Amherst he was strong for Meiklejohn in the row involving the Economics Department. Patient, scientific researcher. Academic, independent, fearless. Writer on a variety of economic problems.

LEON C. MARSHALL, *Secretary.*

Economist. Professor of Institute of International Law, Johns Hopkins University. Large war-time experience in industrial relations. Author and editor of numerous economic treatises. Formerly on National Labor Board. Skeptical.

LEON HENDERSON, *Economic Adviser.*

Emerged quickly as a dominant figure when he pounded General Johnson's table and "talked turkey" on consumers' needs in NRA. Student of business combinations. Authority on foreign cartels. Opposes price fixing and production control.

BLACKWELL SMITH, *Counsel.*

Most successful young man in NRA set-up. Started as Richberg's assistant. Now legal adviser to NIRB. In essential agreement with his chief on price and production control. Keen legal mentality. Seldom relaxes in public but this is due to diffidence and will wear off. When convinced stays put.

But all discussion of policies and principles of the new NRA Board are overshadowed by the fact that the very existence of the National Recovery Administration itself depends upon the Congress chosen on November 6. This Congress meets in January, and cannot ignore the future of the Recovery Act and the Recovery Administration, since the Act itself provides for its own death on June 16, 1935.

Chamber to Vote on NIRA

THE Chamber of Commerce of the United States has called upon its organization members to vote in favor of or oppose these 14 proposals in regard to the National Industrial Recovery Act:

1. The National Industrial Recovery Act should be allowed to terminate in accordance with its present provisions.
2. Prior to the expiration of the National Industrial Recovery Act new legislation should be enacted.
3. Any new legislation should be limited to businesses engaged in, or affecting competition in, interstate commerce.
4. Each industry should be permitted to formulate and to put into effect rules of fair competition which receive governmental approval.
5. The governmental agency should have only the power of approval or veto, without power of modification or imposition but with power to indicate conditions of approval.
6. The governmental agency should be a board or tribunal appointed by the President.
7. Rules of fair competition formulated by a clearly preponderant part of an industry as suitable for the whole industry with due consideration for small units and approved by the governmental agency should be enforceable against all concerns in the industry.
8. In any new legislation it should be made unmistakable that collective bargaining is bargaining with representatives of all groups of employees that desire to act through spokesmen, without the right of a minority group to deal collectively or the direct right of individual bargaining being precluded.
9. It should be made explicit that the right of employees to choose their own representatives is to be free from coercion from any source.
10. There should be extension of the condition against requiring membership in one type of employees' organization to a condition against requirement of membership, or non-membership, in any type of labor organization.
11. Rules of fair competition should always contain provisions for minimum wages, for maximum hours of work, and against child labor.
12. There should, upon reasonable notice, be an express right of termination corresponding to the right of initiation and presentation of rules of fair competition which have been approved, and a similar right in the governmental agency.
13. There should be opportunity for members of an industry to enter into agreements other than rules which when approved by the governmental agency will be enforceable against parties to the agreement.
14. The new legislation should make clear that its provisions, so far as compliance with them is concerned, supersede any other statute which might appear to conflict.



Every Business including YOURS pays TRIBUTE

This grim destroyer of profits, who lives on mistakes, forgetfulness, carelessness and temptation, takes a big cut from every business, including Yours!

Poor, inaccurately made, illegible, forgotten records create serious losses and cause many more failures than faulty management. Keep these losses out of your business! Use Egly Systems. Know all the facts quickly, accurately, without red tape and waste effort, with an Egly System designed for your particular needs.

Don't take chances on your profits! Send for information on Egly Systems. Write your name and address on the margin and mail it to us. Dept. NB

THE EGRY REGISTER CO.
DAYTON, OHIO

Manufacturers of Egly Tru-Pak, Com-Pak and Handipak Register Systems; Controller and Tru-Feed Billing Machine Systems; Egly Speed-Feed Systems; Egly Continuous Business Forms.

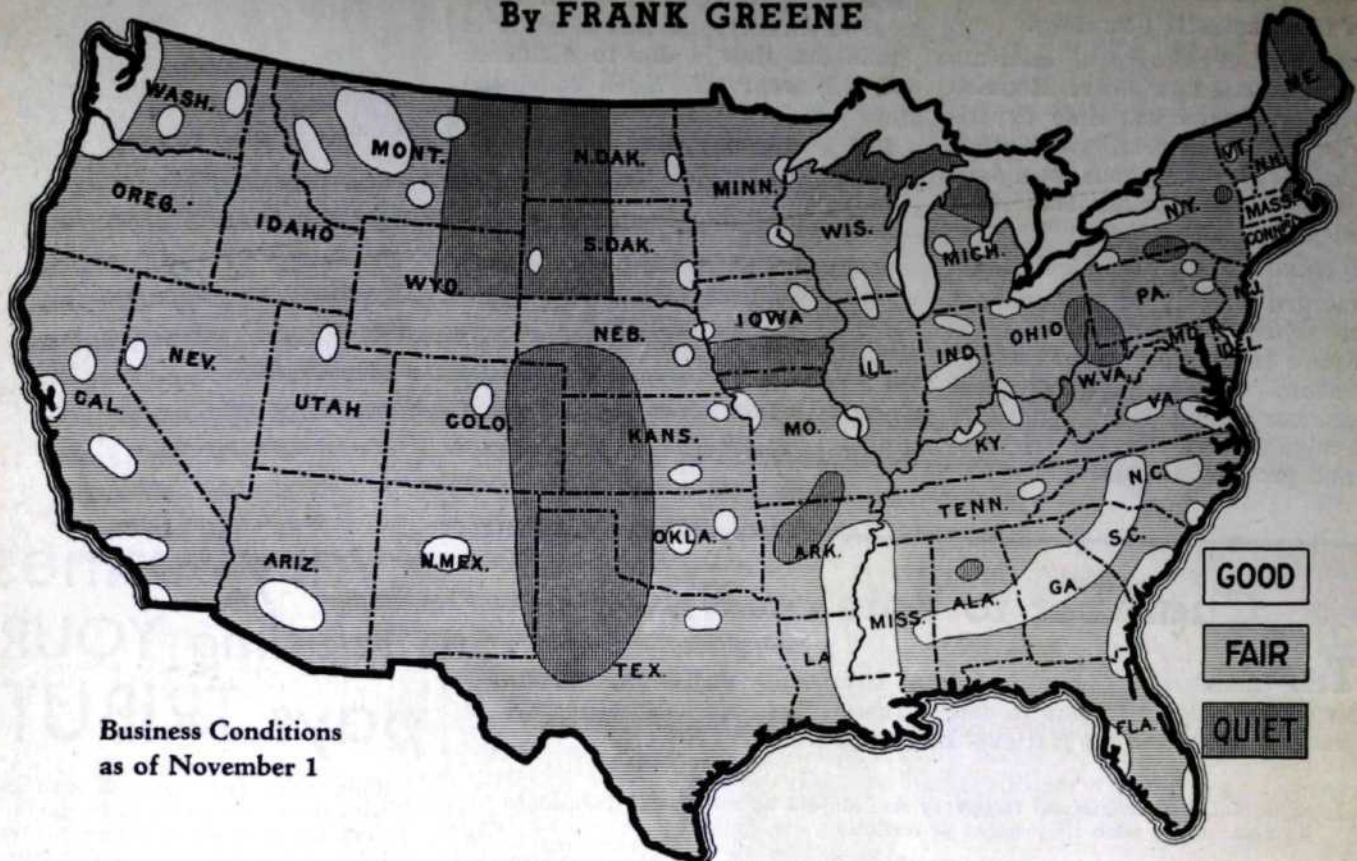


Sales Agencies in all principal cities.

EGRY TRU-PAK

The Map of the Nation's Business

By FRANK GREENE



OCTOBER saw strikes fewer and smaller with thousands of employees resuming work. The rush of retail buying evoked by crop returns and big relief payments eased off slightly. Drouth still affected trade in southwestern cotton and wheat sections. Many cities reported warm weather retarding heavy goods sales at retail.

Manufacturing, retail buying and wholesaling, made good comparisons with September and with October a year ago. Collections were the best in months.

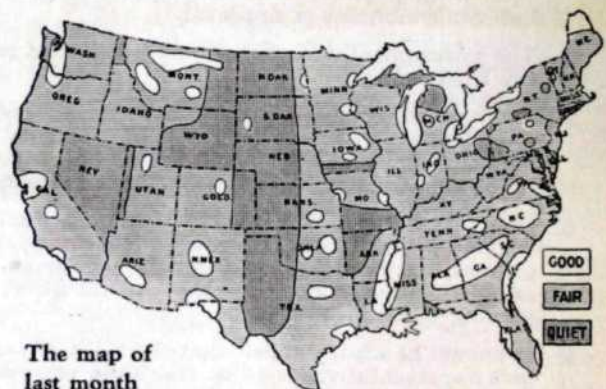
Combined stock price averages were up two points on the smallest October business since 1921. Bond sales were larger but prices dropped 1½ points.

Cotton goods and steel production gained. Steel scrap advanced twice. Automobile making dropped off.

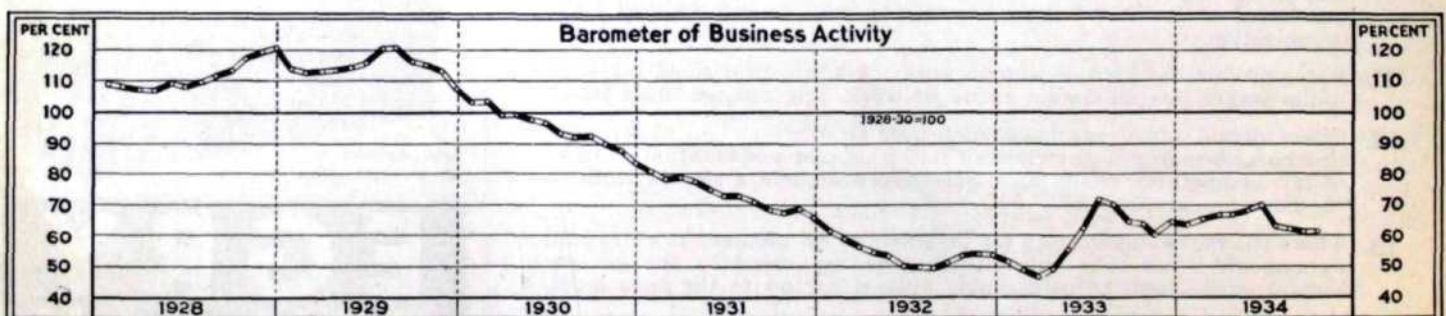
Predictions are that price regulation in cotton may lose this country a large part of its chief single export.

Weakness in farm products was marked in October, the Dun & Bradstreet Index dropping two per cent from the four year peak.

Improvement in labor matters and cooler weather help to brighten the map's general appearance and offset lower prices of most farm products



The map of last month



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET INC.

The October Business Barometer rose slightly, less than one per cent, steel production more than offsetting declines in carloadings and prices. Electric power and clearings about balanced each other

Colorful Wheels of

INDUSTRY

GRINDING WHEELS. Yes, they're vital to industry — over two hundred grinding operations in the making of an automobile — they grind on every type of product from a needle to a battleship.

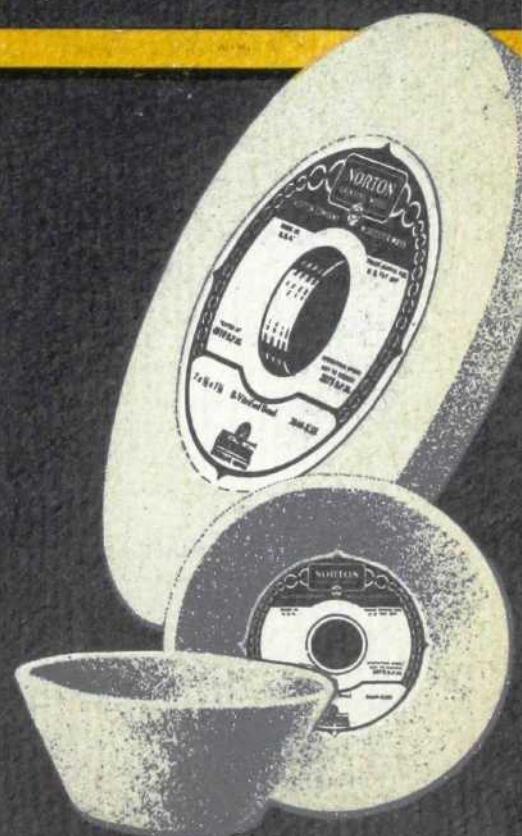
Millions of grinding jobs in the world mean millions of grinding problems — abrasive problems — *Norton Abrasives*.



Sound Advice to

Management

Keep an eye on the wheels of industry — on vital production tools — on grinding wheels. Low cost and correct grinding go hand in hand — with *Norton Abrasives*.





Norton Abrasives~

Where they fit in Industry

Alundum Abrasive (crystalline aluminum oxide, Al_2O_3)

Combines hardness and toughness—the most widely used of all abrasives. A product of the Norton electric furnace abrasive plant.

Crystolon Abrasive (silicon carbide, SiC)

Its hardness and special characteristics make it supreme in certain fields such as stone, ceramics and the cemented carbides. Also a Norton electric furnace plant product.

Norbide Abrasive (boron carbide, B_4C)

The hardest material ever produced by man for commercial use—an exclusive Norton product.

Bortz Abrasive (commercial diamonds, crushed and sized)

The world's hardest known natural product. Its field for grinding and lapping is the modern cemented carbides.

NORTON COMPANY, Worcester, Mass.

Behr-Manning Corporation and Norton-Pike Company, Troy, New York, are Divisions of Norton Company



Leading NORTON ABRASIVE Products

Norton Grinding Wheels head the procession—at work in every metal working industry—edging machine shop tools, sizing and finishing thousands of machine parts, cleaning or snagging rough castings of iron and steel and cutting off bar stock. And in the industries of lumber, stone, glass, agriculture, paper and leather they have their work to do.

Sharpening Stones (India Oilstones) Rubbing Bricks and Blocks—tools of the factory, workshop and home.

Abrasive Grain for Polishing—thousands of tons annually to polish the industrial world's metals.

Abrasive Paper and Cloth (sandpaper)—another product for factory, workshop and home.

Norton Refractories and Laboratory Ware—for the efficient handling of heat in industry.

Norton Porous Plates and Tubes—important in sewage disposal plants (activated sludge type) and in industry for aerating, filtering and diffusing.

Norton Pulpstones—for converting logs of the forest into wood pulp for the newsprint industry.

Norton Floors—Alundum Tiles, Treads and Aggregates that make walkways non-slip and durable.

NORTON ARC TYPE ELECTRIC FURNACE
(Alundum Abrasive)



NORTON RESISTANCE TYPE ELECTRIC FURNACE
(Crystolon Abrasive)

New Ideas in Selling

Being brief accounts of what's
going on in a few corners of
the world of selling

Conflict of containers. Around that "quart of oil" we call for at the filling station revolves one of the bitterest of current business battles, the issue being the type of container from which we will receive it. Wooden barrels were the first containers for lubricants, but as white-oak timber diminished, cheaper steel barrels largely replaced wood. Eventually it required 25,750,000 such barrels, valued at some \$69,525,000, to handle the yearly oil flow. Steel barrel makers for a time had nothing save their own price competition to worry them.

Then came change—in the shape of a sudden barrage of advertising on behalf of sealed-tin containers. Can makers found an impressive theme in the danger of substitution in motor-oil retailing. Refinery-sealed cans supplied a safeguard, they pointed out to consumers. To refiners they offered filling and sealing machinery on a rental basis.

Steel-barrel makers, their substantial market shrinking, now plan a counter attack. Savings from use of refinery-sealed barrels will be stressed. Remarks will be addressed to refiners and marketers concerning possible effects of the "substitution" theme upon good will and prestige. Support of rolling mills and accessory builders is being enlisted. Can makers, in their turn, have the tin-plate mills as allies.

Meanwhile, glass manufacturers have advanced the cause of bottled oil while the giants battle, and the paper people view the field with envious eyes. Given the right kind of a paper container, they would enjoy nothing better than making a fourth in the hot battle royal.

Fuel to the flames. The family cook stove is the center of still another current interindustry conflict. Several industries are in the fight to keep this particular home fire burning, with gas generally recognized as the leading fuel and electricity its chief rival. Most publicized front on which these two are fighting lies in the Tennessee Valley, where low Tennessee Valley Authority rates and extensive government-financed publicity have improved electricity's competitive position.

Gas gives no ground even here, however, and answers the varied TVA publicity in behalf of electric cookery with paid newspaper advertising and direct mail campaigns, reduced rates and prices, rental plans and other devices. Gas companies in several Valley cities are entrenching themselves against coming of TVA power through all these and other sales plans.

This competition promises to be felt outside the Valley in the expected event of TVA (through its subsidiary, EHFA) financing electric stove sales in new areas and, as a pre-requisite, inducing electric companies there to lower rates.

But while gas and electricity have been battling, another contestant, fuel oil, has quietly appeared in several sec-

tions, principally the Northeast. These range oil burners, first introduced only about seven years ago, were designed to be installed in wood and coal ranges, and it was at first thought that their market lay chiefly in the rural regions. But of late these burners are being installed in combination wood, coal and gas ranges in urban sections and several metropolitan department stores report increasing sales of such units.

That a spacious battleground still exists for all forms of cooking fuel in the urban market is indicated by the recent federal survey of 2,313,955 dwelling units in 63 cities, a survey which also reveals the present relative standings in this battle of the fuels. Out of the total number of dwellings, the survey shows, upward of a million and a half use gas for cooking, 101,309 use electricity, and 679,649 use other fuels or none.

The labeling controversy. The long controversy over labeling of canned goods

Board and other government agencies, calls for a designation of grade on the label—Grade A, Grade B, etc.

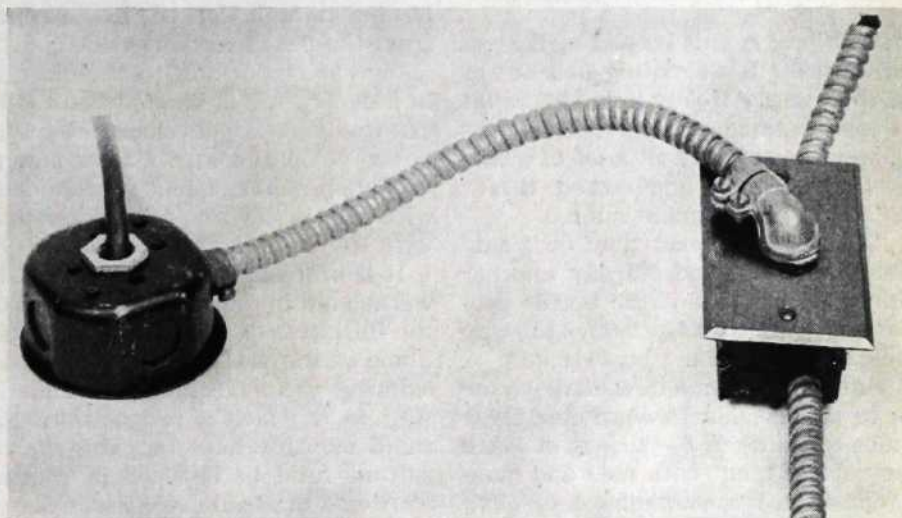
The canning industry points to the difficulty, if not impossibility, of grouping the many factors affecting canned goods into A, B, and C levels and of enforcing such grading regulations.

The Consumers' Board answers (via government hand-outs) that its plan is neither impractical nor unenforceable.

Back of all the sparring lies an interesting interplay of forces. The same government groups that backed the still-born Tugwell bill last year are backing vertical grading, which plan would practically effectuate the aims of that measure, so far as canning is concerned. National advertisers fought the labeling provisions in that bill and are fighting the similar vertical grading plan because they feel that Grade A, B, or C marks on all canned goods would place advertised and unadvertised brands on the same level in consumer estimation and impair the prestige they have created for their brands. They, together with advertising men and many publishers, see in the grading plan another covert blow at advertising.

Canners are also resentful because their committee's report to NRA, advocating descriptive labeling, brought no official response. Immediately afterward, however, came the Consumer Council blast, which abruptly terminated a policy of silence which had been followed for some time by both sides. As a result, the canners are now taking steps to get their side of the story before the public also.

Just what "horse-trading" was done



With Federal Housing Authority loans limited to "fixed" improvements, electric refrigerators were left out in the cold. So-o-o, this wiring was devised to anchor them permanently, thus making them eligible

continues its heated course at this writing, with adherents of the "descriptive labeling" plan (canners and many wholesale distributors) standing their ground against advocates of "vertical grading" (government representatives and, recently, several chain organizations and certain wholesale grocers).

The descriptive labeling plan, evolved by a canning industry committee as a condition to NRA approval of the canning code, calls for labels which will state style or manner of packing; approximate number of pieces, maturity, texture, seasoning and certain other factors.

The vertical grading plan, as advanced by the Consumers' Advisory

between government forces and the chain and other private groups who recently announced their accord with the vertical grading plan is also arousing speculation. One report is that the *quid pro quo* was to be the soft-pedaling of government inquiries concerning chain-store bread prices; another that it was to be easing of certain brokerage provisions in codes. Still another view is that these private groups, believing the vertical grading plan impractical anyway, are paying only lip service to it, seeing thereby an opportunity to do a little swapping which may do them some good and in any case can do them no harm.

—PAUL H. HAYWARD

Blazing the Trail to Labor Peace

(Continued from page 29)

or 30 men the year round. He knew his men and they knew him. They knew what he could and what he could not do for them. He knew what they wanted and needed because he was a blacksmith himself.

"This plan will do for the men and management of General Motors what is being done in the small shops, if outsiders don't get in and spoil it."

It is possible that more friction has been occasioned by the lay-offs due to the shifting conditions of trade than by any other one cause. In most cases the laid-off men accept the corporation's decision when the cause for that decision is explained to them. In 70 per cent of the appeals to the Labor Board the decision has been in favor of the corporation. The others have been returned to their jobs. It seems to me apparent that this method has built up an unusual *esprit de corps* among the men. During the textile strike one General Motors foreman asked a management man:

Strikes hurt other workmen

"HOW long is this cursed strike going to last? It's shooting hell out of our business. Already we've had a lot of cancellations of orders. If it keeps up we'll have to lay off a lot of men."

"Do the men understand this?" asked the management man.

"I'll tell the world they do," said the foreman. "And I'll say another thing. I'll bet that if the textile people could talk with the bosses the way we do there wouldn't be a strike."

Until the automobile industry ceases to be seasonal in character there must continue to be periods of slack employment, but both men and management are working hard to obviate this condition as far as possible. In the meantime the men understand why lay-offs must occur occasionally and any disposition to regard them as sheer malignity on the part of the management—if such disposition ever existed—is not now in evidence. In the management are many young men who have never previously come into intimate contact with the workers. Now they are debating questions at issue with the men and women on the job and are learning to know them as individuals rather than as economic units in a vast scheme of mass production. Their invariable comment is on the enjoyment they have found in this contact:

"One has to sit down with these

men to appreciate their serious viewpoint and the intelligence they bring to bear on their problems. They go through the business from stem to stern. They keep an eye on costs and market conditions and in consequence understand not only when lay-offs are inevitable but when more men may profitably be employed and when increased wages are justifiable."

The policy of General Motors has always been to deal generously with its men. Home-buying has been aided, welfare work carried on, bonuses are paid and savings funds added to by the organization, and training schools are open to the ambitious. To an outsider, however, it appears probably that the most noteworthy advance toward the "harmonious cooperation" of which President Roosevelt spoke is being made through the works councils. The wage-workers no longer resentfully feel that in mass production a man is of no more consequence than a lathe. William S. Knudsen, executive vice president of the Corporation, who came to the United States as a young man from Denmark and worked his way up from the bench, recently said:

"We are returning to the old deal in industry which existed before the extremely rapid development of industry after the war. I refer now to the shop management which dealt with men in great masses rather than with the individual."

It is probable that changes will be worked out in the next few months on the initiative of the men themselves. Some of the works councils are considering the advisability of submitting to the men a proposition that small monthly dues be paid, the resultant fund to be used in welfare work and in social activities.

"I have worked in automobile plants for 30 years," said one man, "and this is the first time I could take my kick right up to the big boss—if I had to—and know that he would give me a square deal."

That is the nub of the whole thing.

The motor industry has been almost free of labor trouble. The wages paid were so high by comparison that workmen clamored at the plant doors for jobs. Inside the plants—again by comparison—labor conditions were satisfactory. Because the American wants to buy his car in the spring, when the early fryers are just beginning to cross the road, the industry has been a seasonal one. Rush periods and overtime alternated with

slack periods and half-time or no time at all. Neither management nor men liked this but nothing could be done about it. The worker did the best he could when he was laid off. Management looked upon the labor supply as an economic rather than a human factor. When more men were wanted more were hired. When business slackened the men were laid off.

It is hard to see how anyone can be blamed for it. The industry was raw-new. The man who worked 40 hours at a stretch to plan a better engine, a more pleasing line, another gadget to catch the feminine eye, to succeed in a furiously competitive business had little time or energy to spare for matters which were not immediately bothersome. If he paid high wages to his men when they worked he thought he had done his full duty. The same things held good in other industries.

The automobile industry, however, was not unaware of its own particular problems and for many years has been studying ways and means for minimizing this load on its workmen. The stage was being set for a more rational approach to this problem when the NIRA was passed.

Made a simple code

THE automobile industry submitted a code—the simplest code for any industry. It is merely a variation of the President's Reemployment Agreement. It is unique in that it contains no prohibitions against so-called "unfair trade practices," for the industry believes that uneconomic commercial practices can never be cured by hasty legislative prohibitions.

But the automobile code, like all other codes, included the disturbing and controversial Section 7(a), by which manufacturers agreed to accept collective bargaining and not to discriminate against union members.

The American Federation of Labor represented Section 7(a) to mean that all employees of an industry should join an industry-wide union and that the decisions of the representatives elected by a majority of that union should be binding on all employees. It was a reaffirmation of the theory that a labor monopoly should oppose industry. The A. F. of L. efforts to unionize the automobile industry on the basis of this philosophy culminated in a strike vote in March, and the problem was only settled by the President personally. President Roosevelt disposed of the

TIME WILL TELL

—but may tell too late



TODAY'S mistakes will be shown up by tomorrow's business. But tomorrow may be too late.

As production costs creep up, improvements in methods and in production equipment are not always enough. A re-appraisal of materials may spell the difference between profit or loss for 1935.

Nowhere is this more true than in your choice of steels. Machining costs that are too high may often be reduced by a change in steel specifications without spending a single dollar on new equipment. Rejections or wastes in production may often be reduced by switching steels or altering heat treatment. A new

steel in a given part may increase the quality and salability of your product at no increase in cost.

Never has judicious selection of the right steel for a job been of greater importance than today. To aid you in that selection, our metallurgists are prepared to analyze your requirements and specify for you the steel which provides the necessary physical requirements at the lowest cost per ton in price and in production in your plant. Their assistance involves no obligation on your part.



Illinois Steel Company
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"majority rule" theory in his statement of March 25, 1934, in which he said:

Reduced to simple language, Section 7a of this NIRA means that:

Employees have the right to organize into a group or groups;

When such group or groups are organized they can choose representatives by free choice and such representatives must be received collectively and thereby seek to straighten out disputes and improve conditions of employment;

Discrimination against employees because of their labor affiliations or for any other unfair or unjust reason is barred.

Continuing his statement, he noted that the threatened automobile strike had been settled on these principles.

"If there be more than one group, each bargaining committee shall have total membership *pro rata* to the number of men each member represents."

He complimented the "earnest and patriotic devotion" manifested by both sides in the dispute, and declared his hope that, out of this new basis of understanding between employees "will come a new realization of the opportunities of capital and labor not only to compose their differences at the council table but also to establish a foundation on which they can cooperate in bettering the human relationships involved in any large industrial undertaking."

In my talks at Detroit I was struck by the evidently sincere desire of both management and men to establish the "human relationship" of which the President spoke. This is said in no spirit of flattery. What the men want, more than anything, is security. The hourly wage-rate is less important to them—highly important as it is—than the certainty that their jobs are safe for a reasonable number of days each year. For the first time, so far as I know, in the history of the motor industry, they are able to put forward their claims in the surety that they will be given fair consideration. One does not hear that statement so often repeated in other years and other industries:

"We must fight for our rights."

On the side of management the plan appears to offer the same safety. If the employees understand the conditions that management faces they will not make extravagant demands. An instance of this was given when General Motors declared an extra dividend a few months ago, amounting in sum to about \$20,000,000. Some employees felt that this money should have gone to the workers rather than the stockholders. At one works council meeting, the subject was under discussion informally and the chairman asked:

"Any one here own a house?"

Hands were raised.

"How many of you homeowners

were able to rent your house or a part of your house at a decent figure during 1932 and 1933?"

No hands were raised.

"Now that times are a little better aren't you asking a little more rent than you got during the worst of the depression? Isn't it coming to you?"

The discussion ended at that point. It is important to understand that, in its dealings with its employees, the management of General Motors has never suggested a surrender of its right to manage the business. This attitude was formulated by President Sloan, approved by the executive committee, and mailed to the homes of some 140,000 of the Corporation's factory workers. Defining the situation which should exist between management and worker Mr. Sloan said:

There are limits within which management can agree to compose differences with workers and beyond which it cannot go without surrendering its responsibilities.

Management has certain inherent responsibilities and duties which must be recognized. The fact that it subscribes to the principle of collective bargaining by no means absolves management of such inherent duties, nor has management the right to relinquish such responsibilities.

Collective bargaining does not imply the assumption by the employee of a voice in those affairs which management must ultimately decide on its own responsibility.

It does not mean collective employer-employee management and must be limited to the employer-employee relationship.

Unions may organize

THE Automobile Code and the interpretation of Section 7(a) by President Roosevelt threw the field wide open for labor organizations of all sorts in the motor industry. The men could organize as they pleased.

The A. F. of L. has sought continuously to organize the workers, but has met with only qualified success. No one knows today how many members the A. F. of L. has in the motor industry, because membership is claimed for many workers who have never paid dues, or whose dues are long in arrears and who are no longer in the employ of the industry.

The comparative failure of the A. F. of L. is ascribed by some to the fact that the motor workers in large part doubted the advisability of granting authority to an outside organization to represent them in their dealings with management. This view is to some extent supported by the fact that there has been formed the Association of Automobile Workers, in opposition both to the professional labor control of the A. F. of L. and the intra-plant organizations such as the Employee Associations of the General Motors Corporation.

Canada Tries Railroading

(Continued from page 38)

ment of the Canadian National Railway to make commitments of \$250,000,000 on hotels at Halifax and other places; on steamships, terminals, the purchasing of branch lines and the building of others, and when they passed around the railway pork barrel from coast to coast, we know they should leave the railway question alone.

Comparisons are easy

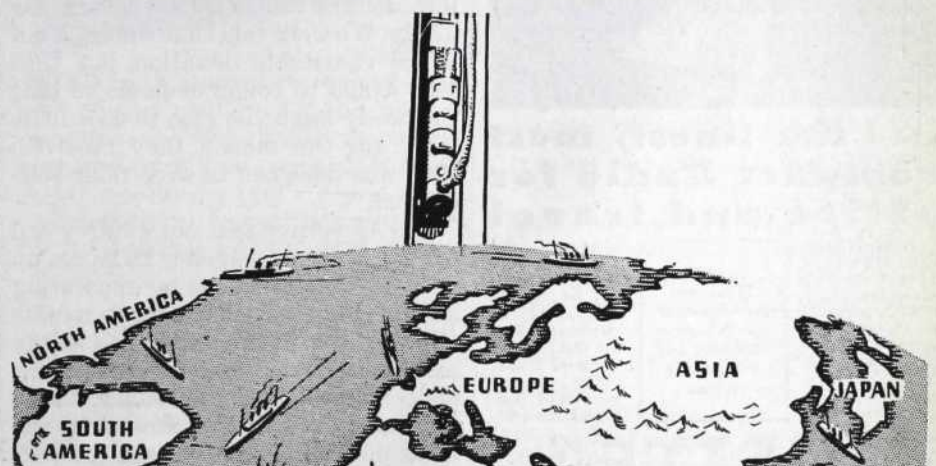
HAPPILY, no one need be left to mere speculation as to the relative merits of public and private ownership in this particular instance. The Canadian National and the Canadian Pacific operate side by side, and under precisely similar conditions; yet in every department the latter has consistently made the better showing. Two years ago I made a careful contrast of the operating expenses of the two systems, and found the difference, on a mileage basis, to be from nine to 110 per cent adverse to the publicly-owned road. Worked out in dollars and cents, this difference meant that between 1923 and the end of 1931 the Canadian National would have reduced its net income deficits by \$230,297,457 if it had been administered under Canadian Pacific economical methods. To that might be added another striking fact. Operating under identical conditions during that period, while the Canadian National lost \$456,063,195 the Canadian Pacific actually earned all its fixed charges and had a surplus available for dividends of \$312,879,978. Yet the latter was heavily handicapped by having as its rival a system backed by the full resources of the Dominion.

National danger impends

MY American readers must draw their own conclusions. Let me assure them, however, that I have stated the facts fairly. While there is more or less apathy on this question in Canada, those who have been following the development of the railway problem are acutely conscious of the national danger which impends. Because of the unsoundness of the physical structure of the Canadian National, there is a movement afoot for the unification of the two systems under Canadian Pacific management; but no one may say at this stage what the outcome will be. The alternative is so grave that I hesitate to speak of it, lest I might be suspected of prejudice or gross exaggeration.



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INTERNATIONAL RADIO CORP.
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Swapping Self-Reliance for Dollars

(Continued from page 32)

A part of the program was a review of what the organization had accomplished the preceding year.

I was particularly impressed by the fact that the manager stressed the point that his major activity has been in visiting Washington for the purpose of getting more and more money from the Federal Government, largely for relief purposes. He proudly went into detail as to the various sums he had obtained. I'm forced to admit that he had been successful.

His pleas for continued financial support from the membership was that he believed he could do even better the next 12 months!

On his board of directors are some of the leading and most influential men of my state. Perhaps all of them do not agree with his attitude, but evidently a majority of them do because literature that later went out from headquarters to members, soliciting their checks and cash, again emphasized what the organization was doing and would continue to do to obtain funds from the Federal Government.

I believe the men connected with this organization above the average in honesty and integrity, so I contend that this attitude of "get all you can" is not restricted to the man digging ditches, clearing roads, or doing whatever the made-work may include.

When the made-work relief plan first went into effect, my state awoke one morning with more than a million dollars to distribute among the needy. We were told that this was not to be charitable donation but that jobs would be found or made so that the needy might be able to do a little work for the money they received. This was designed to save their self-respect.

Our Governor sent out a hurry call for a distributing agency to be set up at once. This was done by appointing a single man in each county to handle the funds, with the assistance of key men selected as foremen in the principal communities of the county. These key men were to recommend to the head distributor the people who actually needed the money in their various communities.

It looked like a fairly good set-up, but here's how it actually worked:

Relief rolls were expanded

THE real needy were first helped. Then along came the neighbors of the community foreman and they said:

"Look here, George, you know we

own our farms, we have lots of food canned and put away in our pantries and nearly all of us own cars, but we haven't any cash. We are through working our crops, and it'll be several weeks before we can start picking our cotton to get any money. Why not recommend us for some of this relief money?"

George didn't want to make enemies of his neighbors and, very often, he was running a little community store. He could see that, if these people could get some federal money, it wouldn't hurt his business a bit. So George recommended that they be put on the pay roll.

For a time I seriously contemplated making a fight through my editorial columns against my town and county asking and using federal relief funds, but many of my friends insisted that I should not do so. They said I would be doing my county a wrong.

They took the position that our Federal Government had already appropriated the money and that, even if my state and county should decide against asking for a part of it, we would have to pay our proportionate part of the taxes.

"So," they said, "why not be smart and get all of the money we can?"

I have since traveled into other counties and other states and that seems to have been the attitude everywhere.

This state of mind, I believe, shows one of the most serious faults of the present program of having all relief come from Washington. If cities and counties had to help share the burden, you would see a great drop in the cost of relief. Suppose, for instance, my county were forced to match dollar for dollar relief funds sent from Washington. Some sort of a local tax would be necessary to raise this money. Then, when a local citizen found his tax bill increased and saw a man whom he knew to be undeserving living on relief funds, he would connect the two circumstances. He would be quick to complain. Today he chuckles at stories of those who are getting unneeded relief. He thinks they're pretty clever. He would weed them out in a hurry if the cost of this relief was brought more sharply home to him.

A change in the administration set-up also had its bearing upon my decision not to use my newspaper against the made-work relief.

The community foremen, or key men, were eliminated from the picture. In their place came paid "case workers" whose duty it now is to

cover a certain territory regularly. They decide who is entitled to relief and who is not and make recommendations to a paid county administrator.

Over this paid administrative set-up is a county board of employment and relief made up of workers who receive no pay but are willing to give their time to their county.

It was as chairman of such a board that the Governor of my state asked me to serve.

Relief workers are human

UNDER this arrangement the right kind of case worker can and does eliminate much dead timber from the load being carried but, after all, relief workers are only human. If their hearts are kind, it is natural for them to try to get as much help for the real needy as they can and, since the money comes from a seemingly inexhaustible pot, a few extra dollars paid to a border-line case apparently makes no difference. Moreover, since the relief worker's job depends on the necessity for relief, he is imperilling his job every time he takes a person off the rolls and puts him in a gainful occupation. I do not raise this point with a view to finding fault with the relief worker. I merely ask you what you would do in his place.

Even if this flaw could be eliminated, the effect of the practice of giving relief on the character of the real needy is still dangerous.

If we continue to teach him, his friends and relatives to look to the Government for a living, very few will go to the trouble of trying to find work elsewhere, or make an opportunity for themselves in any other line.

Those inclined to be sensational, or who have political and other axes to grind, tell you "we must feed them or fight them."

I don't believe that.

I am now living in a town that, four years ago, had less than 3,000 population. When one of the greatest oil fields in the world was discovered right at our door, this number was tripled overnight. Ninety per cent of the newcomers were unemployed.

Did they threaten to fight us when they found no jobs? They did not! On the other hand, they proved to be a most orderly crowd, although it was several months before they found jobs and many went days without food.

Although our native citizenship was small, we managed to take care of them. We allowed hundreds to sleep on the floors of our public buildings, and later made up a chest of several thousand dollars to feed and clothe them until they could find

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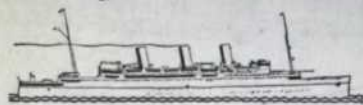


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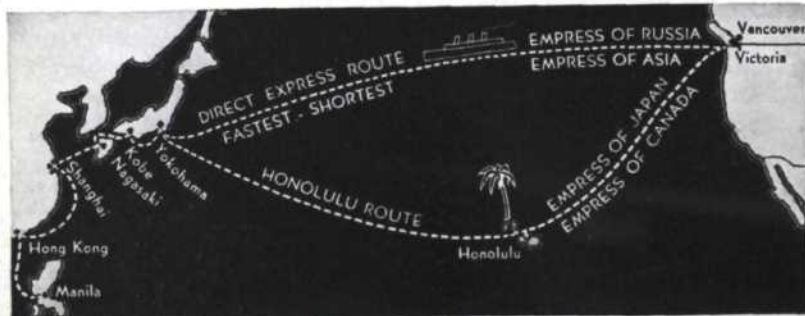


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employment. This was done voluntarily—not because of any likelihood of having to fight our unemployed.

Having also lived at one time in a large city, I realize that the unemployment situation can grow a bit more serious there but I maintain, except in unusual cases, each community, each city and each state can and should take care of its own needy and unfortunates to the extent of feeding them when they are hungry. Above all, it should help them solve their own problems.

Since the national Government has taken the stand, however, that this obligation rests in Washington, I have come to this serious conclusion, after serving as chairman of a relief board without power, and after watching the demoralizing effect this dole system is having on our citizenship:

Let's help make a man self-sustaining as quickly as possible, before he loses all desire to become so!

Business Studies
the Budget

ORGANIZED business is studying the federal budgetary system to see what changes it may work for to put the national finances in better shape and improve the operation of the governmental machinery.

The Chamber of Commerce of the United States has asked its 1,400 member organizations to vote in referendum on a number of proposals. Some of the proposals are:

Executive budget estimates concerning revenues should present a complete revenue program, including recommendations for any necessary new legislation, with reasonable detail and with bases used in making estimates of yields.

The President should be fully authorized to prevent deficiencies and wherever he deems feasible to reduce spending of a non-mandatory nature.

Any federal taxpayer should be given the right to enjoin expenditures which will create deficiencies.

The Comptroller General should be concerned principally with the function of legislative agent dealing with the propriety of expenditures and fiscal operations, rather than with their fidelity.

There should be created a General Accounting Office under the President to develop a modern, uniform and adequate accounting system.

Each House of Congress should add a Budget Committee.

House and Senate appropriation committees should hold joint hearings.

The form and phraseology of appropriation acts should be standardized, and clarified as to amount and objects.

The voting will not be tallied until this issue of NATION'S BUSINESS has reached its readers.

NACOS Coming of Age

MOST business men who take an interest in the work of their chambers of commerce were familiar with the symbol "NACOS." It has stood during 20 years as the emblem of the National Association of Commercial Organization Secretaries—an organization which has been a factor in bringing chamber of commerce work to higher standards and greater efficiency.

Born 20 years ago at Cincinnati, NACOS is now entering upon its twenty-first year and will come of age, so to speak, at its next annual convention. It met last month in Cincinnati where, under the slogan of "Trends in the Organization Field," leaders of the secretarial profession discussed problems confronting business men's community organizations. Speakers from outside the organization discussed economic questions.

In his annual address, the retiring President, Christy Thomas, General Manager of the Seattle Chamber of Commerce, said:

In this score of years NACOS has reached its present stature. Its membership represents every section of the United States and some cities in Canada. Its sphere of usefulness and influence has steadily expanded. NACOS affords its membership important contacts and fellowship, and offers the opportunity for real self-improvement.

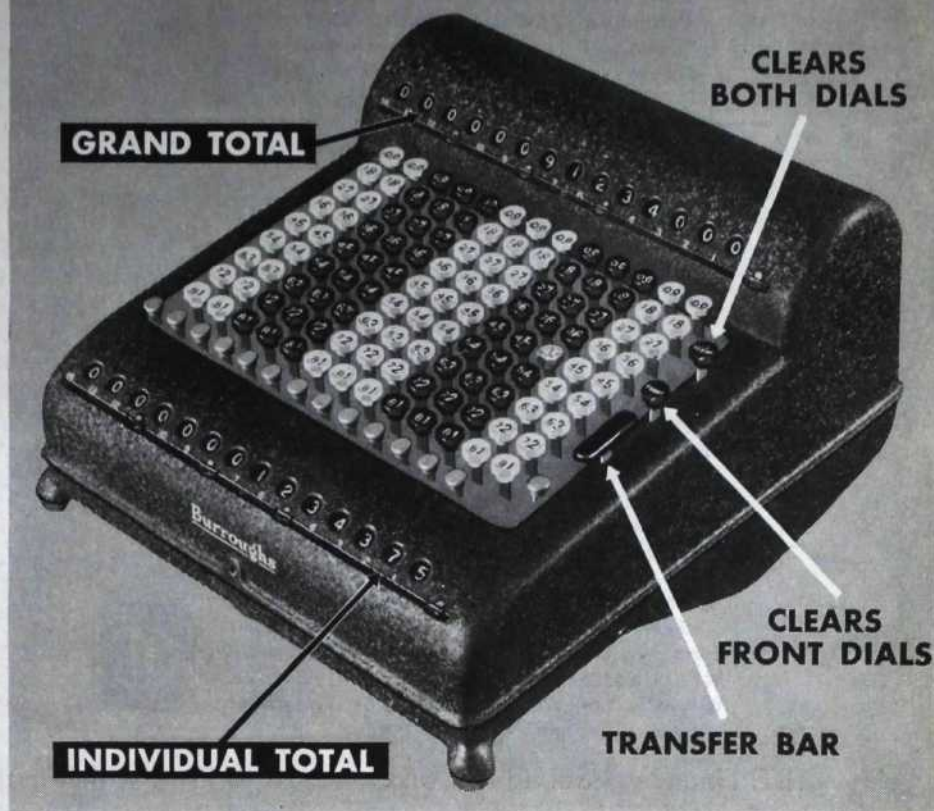
In the NACOS organization, the United States is divided into 11 zones with a member of the Board of Directors placed in charge of all NACOS activities in each district. These activities are directed not primarily toward matters of business policy, since these are the function of chambers of commerce themselves, but toward creating a better understanding of chamber of commerce work and purposes and a higher degree of efficiency and training among chamber secretaries themselves.

In the past NACOS headquarters has been moved from year to year with the election of a new Secretary-Treasurer. This year permanent headquarters were established in the U. S. Chamber Building in Washington.

NACOS officers for the current year are: President, C. M. Anderson, Executive Vice President, Chamber of Commerce, Memphis, Tenn.; Vice President, Glen B. Eastburn, Commissioner, Chamber of Commerce, Omaha, Neb.; Secretary-Treasurer, Roscoe H. Goddard, Secretary, Chamber of Commerce, Worcester, Mass.; Assistant Secretary-Treasurer in charge of the headquarters office, Mrs. Norma McKellops.

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What Bankers and Investors Discuss

THE LIVELIEST thing about the Washington convention of the American Bankers' Association was the discussion that followed. Did the bankers make an abject surrender or did they show wise statesmanship?

The Wall Street Journal found its contributors arguing between themselves. Frank R. Kent talked of "boobs" and "gullibility." Bernard F. Kilgore thought the bankers showed great good sense and saved what might have been an unhappy situation.

A distinguished economist in a letter to NATION'S BUSINESS refers to "the incredible and complete surrender of the bankers." And so it goes. Perhaps the bankers recalled the assertion of St. Paul that "every man that striveth for the mastery is temperate in all things," and decided that "all things" included speeches and resolutions.

Criticism replaced by conciliation

ON THE opening day there were speeches critical of the New Deal and the Administration. On the second day the firing quieted down. Newspaper articles reported that the bankers of the larger cities were urging their more belligerent associates not to be too critical of the President. The meeting reached its climax with a love feast at which Jackson E. Reynolds, president of the First National Bank of New York said:

I feel that the bank fraternity in the past two years has endured enough mass punishment so that it is now in such a chastened and understanding mood that you can accept with hospitality any overture of cooperation on the part of the leaders of that fraternity.

In return the President said a kind word for the profit system, told the bankers that the banking activities of the Government must continue "until such time as the banks and other private credit agencies are themselves able and ready to take over these lending functions."

Then the President served this warning on the bankers:

The old, fallacious notion of the bankers on the one side and the Government on the other as more or less equal and independent units has passed away. Government by the necessity of things must be the leader, must be the judge of the conflicting interests of all groups in the community including bankers. The Government is the outward expression of the common life of all citizens.

Wanted: a balanced budget

THE bankers wound up their convention with a resolution which expressed faith in the "present banking structure" as capable and eager to meet every "legitimate credit need," and asked a balanced budget "at the earliest possible moment," but recognized "that emergency expenditures are at times called for in the interests of human welfare."

No balance foreseen

THE bankers' rather tepid request for a balanced budget "at the earliest possible moment" is not likely to bring from the Administration any statement regarding the first of the six subjects on which the United States Chamber asked the Administration's views last Fall. The request was: "When and how is it proposed to balance the federal budget?"

Good borrowers aren't borrowing

"EVERY legitimate credit need" is a vague term. Every banker will continue to define "legitimate" according to his own ideas. While the bankers were in Washington one of the most distinguished of the fraternity was a caller at the offices of NATION'S BUSINESS. Asked about the activities of his bank, he said:

"We're making some loans, nothing like normal, of course, but showing some slight signs of improvement. The trouble with us and with most other banks is that our really good customers aren't borrowing. By good customers I mean those who have considerable capital funds of their own but who come to us from time to time to borrow additional funds to extend their business. Such men are not now borrowing—in fact they are not in many cases using even their own capital to the fullest extent. Many applicants for loans nowadays are men who have impaired their own capital or who wish to borrow to repay an existing loan."

Business before loans

ON THIS point of whether the banks won't lend or business won't borrow, the New York Times quotes a banker:

"The only trouble is that business men will not borrow until there is definite prospect of business improvement, and loan expansion must follow

business improvement, instead of business following loans on an upward swing."

In other words, the business hen must lay the loan egg; not the loan egg give birth to the business chicken.

Money to lend

ANY doubt that the commercial banks have money ready and willing to go to work for business should be ended by the figures compiled by the Association of Reserve City Bankers. Lyman E. Wakefield, president of the Association, reported that a survey of his member banks which hold about 35 per cent of the bank deposits of the country showed they had available about six billions of credit of which only about two billions were being used. He figures that the total of unused credit in the country is from eight to ten billions.

A questionnaire showed that banks with nearly 15 billions on deposit had made nearly five billions of new loans for the first six months of 1934. If that is not completely shown in the aggregate volume of loans it is because old loans are being paid up with unusual rapidity. Cause? Government spending.

No minimum on capital's wages

THERE is much talk about the "strike of capital." The question might be asked, "Is capital on strike or is it just among the unemployed?" Certainly the wages of capital of late have been low enough to make a strike seem justifiable. However, capital, unlike some humans, is always ready to work for low wages, if the wages are sure and are the best that can be had in a competitive market. I imagine how a dollar must feel that once got six cents a year and now gets one or even one half.

Lower interest rates

SOME figures on the tendency of interest rates to seek lower levels are given in a recent issue of *Banking*, the monthly publication of the American Bankers Association. They're based on a questionnaire sent to several hundred clearing house associations. Interest paid on certificates of deposit has dropped from an average of 2.93 per cent to 2.16 per cent: on time deposits about the same and in

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Relieves Gas...
Heartburn..Sour
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Relief for Millions**

PHYSICIANS have warned against treating acid indigestion with harsh, raw alkalies—the tumbler and spoon method. Strong, water-soluble alkalies, taken in excess, may turn the stomach juices into an unnatural alkaline condition—actually arresting digestion!

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savings from 3.13 to 2.56.

"But," says the depositor, "what about the borrower? Is he better off?"

He is. In New York City, according to the Federal Reserve Board, the average rate charged customers for bank loans dropped from 4.33 in April '33 to 3.33 per cent in August, 1934. In other cities the drop has been between 1 and 1½ per cent.

In spite of the fact that banks have cut their rates on time and savings deposits and that the great bulk of them are forbidden to pay deposits on checking accounts, banking is not a profitable business. To quote again from *Banking*: "All the figures published tend to show that the banking system as a whole is still in the red."

We are so accustomed in this country to hear the English banking system held up to us as a model, and in almost the same breath to be told that the need in the United States is greater government control, that we are inclined to jump at a conclusion that England must closely supervise her banks. Raymond Moley in an editorial in *Today* said "The English banking system was fortified by generations of wise banking legislation."

But, the *Guaranty Survey* points out: "The wisdom of English banking legislation lay mainly in its scarcity. . . . An English bank may and does invest its funds in any type of loan or security that it sees fit, whether of a capital nature against stocks, bonds, real estate, including farm, residential and business property, in unsecured loans based upon balance sheets, or upon character."

If the way to better banking in this country is to follow the English system, we shall not plunge into further law making or further government control.

Bondholders form committee

A RECENTLY formed committee of holders of Cuban Public Works is interesting both in its membership and in its announcements that it will work with the Foreign Bondholders' Protective Council.

The membership of the committee is interesting since it includes two names of a type not ordinarily found in such bodies—the presidents of Carleton College at Northfield, Minn., and the George Peabody College for Teachers at Nashville. Presumably these institutions are, like the other members of the committee, actual holders of the bonds in dispute, a condition by no means always true of bondholders' committees. One thing that might grow out of such membership is a better public understanding of the fact that "bondholders" aren't always "bloated," that bonds are held

by all sorts of folk and all sorts of needy institutions. There are reported to be 25,000 holders of this particular issue of bonds in this country.

A second point of interest is the alliance with the Bondholders' Council which is not a government agency, but which has had at least the blessing of the State Department. Title II of the Securities Act provided for a "Corporation of Foreign Security Holders," with directors to be named by the Federal Trade Commission. This title was not to come into existence until "the President finds that its taking effect is in the public interest and by proclamation so declares." So far the President has not acted.

Statement of Ownership

STATEMENT of the Ownership, Management, Circulation, etc., required by the Act of Congress of March 3, 1933, of Nation's Business, published monthly at Greenwich, Conn., and Washington, D. C., for October 1, 1934.

City of Washington, County of District of Columbia, ss. Before me, a Notary Public in and for the state and county aforesaid, personally appeared Merle Thorpe, who, having been duly sworn according to law, deposes and says that he is the Editor of the Nation's Business and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business manager are: Publisher, Chamber of Commerce of the U. S. of America, Washington, D. C.; Editor, Merle Thorpe, Washington, D. C.; Managing Editor, J. W. Bishop, Washington, D. C.; Business Manager, J. B. Wyckoff, Washington, D. C.

2. That the owner is: Chamber of Commerce of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors. The officers are as follows: President: Henry I. Harriman, chairman of the board, New England Power Association, 20 Somerset Street, Boston, Mass. Honorary Life Vice President: John Joy Edson, chairman of the board, Washington Loan and Trust Co., Washington, D. C. Vice Presidents: Matthew S. Sloan, president and chairman of board, Missouri-Kansas-Texas Railway Co., 25 Broad Street, New York, N. Y.; T. Guy Woolford, chairman of board, Retail Credit Company, 90 Fairlie Street, N. W., Atlanta, Ga.; Felix M. McWhirter, president, The Peoples State Bank, Indianapolis, Ind.; F. Peavey Heffelfinger, vice president and general manager, Monarch Elevator Company, 317 Chamber of Commerce Bldg., Minneapolis, Minn.; William V. Hodges, Hodges, Wilson & Rogers, 327 Colorado National Bank Building, Denver, Colo.; Paul Shoup, vice chairman, Southern Pacific Company, 165 Broadway, New York, N. Y. Treasurer: Robert V. Fleming, president, Riggs National Bank, Washington, D. C. Secretary: E. A. Skinner, Chamber of Commerce of the U. S. A., 1615 H Street, N. W., Washington, D. C.

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4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

MERLE THORPE
(Signature of Editor.)

Sworn to and subscribed before me this 26th day of Sept., 1934.

(Seal) WALTER HARTLEY
(My commission expires Sept. 15, 1937.)
Notary Public, District of Columbia

Must We Accept a Lower Standard of Living?

Is America finished in its building? Must we live merely by dividing available jobs? To accept such a conclusion is to accept a lower standard of living.

PROGRESS in America has resulted from the enterprise of individuals who took risks because they sought rewards. Pioneers sought free lands; whaling captains sailed for sperm oil; railroad builders sought to win dividends from a "right of way and a streak of rust." This desire of Americans to profit through the exercise of their own initiative finally produced a standard of living which is the envy of other peoples of the world.

No industry contributed more to raising our American standard of living than the public utility industry. Gas and electricity provided mechanical servants for homes which could not afford living ones. They gave women a new freedom. And they provided an amazing impetus for trade and industry.

Individual Initiative and Private Profit

All business entails risks; men risked their money in pioneer gas and electric plants because they believed these businesses had sound futures which would return them profits on their investments. Their faith made electric and gas service possible. These services have been supplied at decreasing costs to increasing millions of users.

Utility services supplied by the Associated System have been extended to 517,000 new customers during the past ten years. Electricity and gas are supplied to scores of rural communities which had no or very inadequate service before.

Conditions now harassing the utilities discourage investors from putting more money into this industry. Stock investments in some utility companies are being endangered or destroyed by government competition.

More than \$16,000,000 annually is being taken away from investors in the Associated System by the new Federal Revenue Act, and by reductions in rates and increases in taxes which have taken place since 1928.

Lack of Time, Money, Checks Development

Investors now see little chance for a profit in the utility industry, so refuse to put their money into it.

This lack of confidence makes it nearly impossible for utility operators to develop the business. Moreover, their time is eaten into by investigations, the details of regulation, and the study of innumerable new laws. As a result, utilities are unable to improve and extend their services. The great mass of people still lack healthful *automatic heating* in their homes. *Air conditioning* is still a novelty, yet it guarantees cool, dry air during dog-days. Only 12% of farms have electric service.

No Confidence—

No Investment—No Progress

Progress in America has not come to an end. The public utility industry can continue to help Americans improve their standard of living. First, however, this and other basic industries must be freed from the shackles in which government has bound them. Investors must have confidence that private enterprise will once again be allowed to operate at a reasonable profit. Otherwise capital for industrial development cannot be raised, progress will stop, and no lasting national recovery can be achieved.

The Associated System is making a determined effort to carry on its business in the face of these almost overwhelming difficulties. Almost 39,000 customers have been added since the first of January; business building has been organized on a more vigorous and efficient basis; output of both electricity and gas is being pushed to heights never before reached. But this effort cannot be continued, nor can it meet with the success which it deserves, without the removal of these obstacles to enterprise.

Electricity Lights These Huts

Among Associated electric customers are the natives who live in these grass huts in the Philippines. Few utility companies have gone further than this in making electricity available to customers of simple means.



Have you read the discussion of utility problems in the October issue of the Associated Magazine, which is a special security holders' number? The magazine is sent free to all Associated security holders. Others may obtain copies for 10c each from Associated Magazine, Inc., Ithaca, N. Y.

ASSOCIATED GAS & ELECTRIC SYSTEM
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DOLLAR

Steamship Lines and
AMERICAN
Mail Line

★ **THIS** is one of a series of editorials written by leading advertising men on the general subject of advertising

Increased Sales Will Meet the High Cost of Doing Business

THE November elections confirm for business men the prospect of continued social developments by government. The costs will have to be borne by business. Every banker, butcher and beetgrower will pay his share.

Unemployment relief, shorter hours, old age insurance, all these must be reflected in higher wages, higher taxes and higher costs. What shall the business man do? One obvious answer is, increase prices.

But increased prices restrict markets and reduce sales volume. Small economies and corner-cutting will not suffice. Many business men will meet the greater costs by increasing production, thereby reducing unit cost and this must mean an increasing volume of sales. These men will go after a larger share of existing markets by using every modern method.

They will redesign, modernize and improve their products, wherever such steps promise more sales. And they will advertise. For advertising, properly used, is a potent selling tool.

Wisely planned advertising can be used to support the sales department; to cultivate new fields; to create consumer acceptance; to extend markets.

Wise business men will use it more and more for these purposes in the coming months and years, for they will find this is a certain profitable way to meet the inevitable higher costs of doing business.

A. L. BILLINGSLEY, President
Fuller & Smith & Ross, Inc.

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THIS month that year-end nightmare—the annual statement—approaches. And many an accounting department will wish it had a lightning-like, error-less, effortless method of making all its important facts vivid.

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Not time yet, perhaps, for your Chicago representative to make a trip out there, but ★time to remind your former customer that you are still in business; that your product is better than ever and your prices still right.

★ YOU have a double advantage now in using NATION'S BUSINESS. Conditions generally are better. Aggressive advertising will carry you along with a favorable tide. The other timely advantage is this:

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The relations between business and government never meant as much to executives as they do today. So business men turn with increasing interest to NATION'S BUSINESS, the one magazine devoted to interpretation of these relationships.

With no inducement except the magazine itself, more business men subscribed in the one month of October than in any other month in the magazine's history. No premiums were offered, no trial subscriptions, no deferred payments.

THE United States is full of Fairfield . . . towns smaller than Chicago, long night jumps from the nearest branch office . . . towns where you once sold profitable orders, and will again.

It is time to cultivate these markets. A sound first step is advertising in NATION'S BUSINESS. It will reach a quarter million executives of going concerns in towns of every size including Fairfield, Iowa, and Fairfield, Illinois; in Fairfield, Connecticut, and Fairfield, California. Besides covering known customers and

prospects, it penetrates to those unknown and often unsuspected markets that offer profitable possibilities.

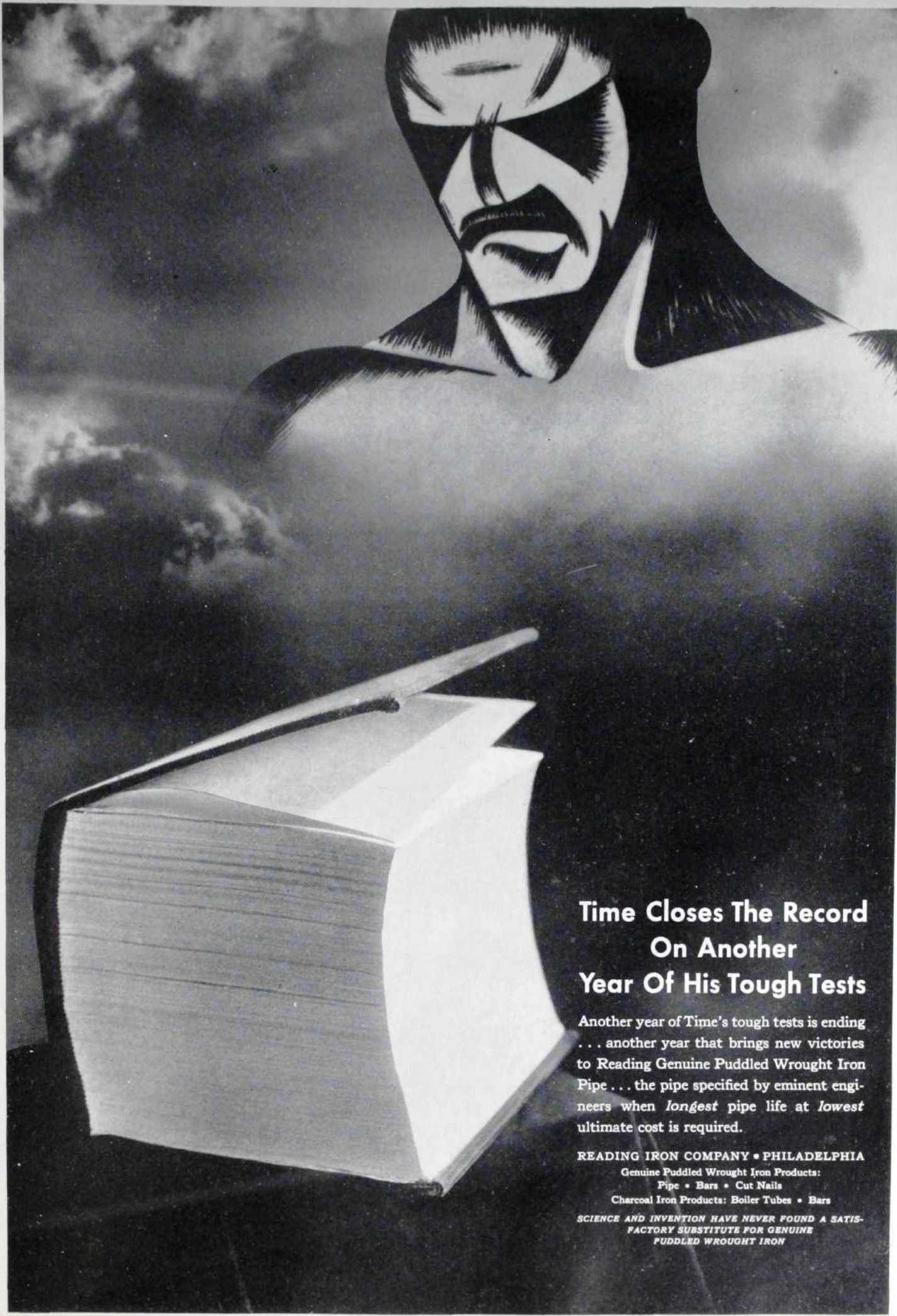
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»»»»»»»»»»»»»»»» **NATION'S BUSINESS**
WASHINGTON

E. V. THOMPSON
Director of Advertising

1724 Graybar Building
NEW YORK



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